

The **Reading Terminal Market/Farm to City Program** of Philadelphia, PA received \$96,482 to bring EBT to 19 farmers markets in Philadelphia and nearby communities by acquiring EBT equipment and supplies; training farmers on its use; and developing EBT promotional materials.

[Final Report FY10](#)

Reading Terminal Market Corporation

A New EBT Project for Farm to City's Farmers' Markets

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A NEW EBT PROJECT FOR FARM TO CITY'S FARMERS' MARKETS

Project Summary

Most organizations operate farmers' markets with EBT/SNAP capability using a single remote terminal and scrip system. The scrip (or token) system requires non-farm resources at the market to issue payment vouchers to multiple farms and post-market administrative support for bookkeeping and reimbursing farms in exchange for the scrip. Furthermore, scrip systems can result in delays for farms to receive sales income from system administrators.

The premise of this project is that it is more cost-effective to have individual farms possess and operated EBT terminals than to have one terminal in a market for many farms using the scrip system

In 2011, Reading Terminal Market's Farm to City program (FTC) operated 17 producer-only farmers' markets in the Philadelphia area. None of these markets had EBT/SNAP capacity prior to this project.

The FMPP grant allowed FTC to acquire first 40 remote terminals, then an additional 25 for use by individual farms, to train farm staffs in the use of the terminals, to promote EBT capability at the markets, to collect sales data, and to evaluate the program. The terminals were capable of accepting SNAP, credit, and debit cards to pay for farm products.

The project distributed 56 terminals to 40 farms in 2011. Eleven farms received more than one terminal since they sold at more than one market on the same day. The project reached its objective of providing 40 farms with remote terminals. Farm sales in 2011 using the terminals was \$201,089. SNAP card purchases accounted for \$7,162 of terminal sales. The total 2011 sales of 21 farms receiving terminals and selling at Farm to City's farmers' markets was \$999,433. The terminals used by these 21 farms account for \$62,963 of their total 2011 sales, or 6.3% of total sales. SNAP card purchases with the terminals of these 21 farms accounted for \$3,424 of sales or 0.3% of total sales. Thus the project did not reach its objectives of terminals accounting for 12% of total sales and 2% of SNAP card sales.

Eleven of the terminals in inventory at the end of the 2011 season were distributed in 2012 to farms not in the 2011 program. At the end of 2012 there are 16 terminals in inventory. These terminals will be distributed in 2013 and beyond as other farms request them. The surplus terminals have found good use in the many urban farms serving low income areas with high numbers of SNAP card holders in Philadelphia. FTC will assist interested farms to apply for USDA-SNAP licenses and activate the terminals based on our experience in this project.

Project Approach

Selection of Terminal Vendor. The most commonly used remote terminal device used at farmers' markets and other outdoor venues is a battery-operated handheld device with a keypad with a built-in card swipe mechanism and a SIM card programmed to transmit buyer, seller, and sales details to fund-transfer entities to effect the transaction. FTC staff interviewed four remote terminal vendors to determine their fee structures and reputations. To estimate the service with the lowest cost, we developed a quantitative model that predicts the average monthly terminal fee based on the projected sales and number of transactions of each card type. See the section later in this report entitled, A Computer Model to Estimate Annual Remote Terminal Fees.

Another important requirement that staff applied in the selection of the terminal vendor was that the vendor provide project staff with digital files of terminal sales transactions by month, vendor, and card type – SNAP and credit/debit – so project staff could monitor project impacts.

Staff selected one of the companies from which to purchase the remote terminals¹.

Distribution of Terminals. Project and terminal vendor company staffs held three meetings in March and April 2011 for farms interested in getting remote terminals, one each in Chester County, Lancaster County, and Philadelphia. We sent notices about the meeting to all farms selling at Farm to City markets, to farm organizations active in Pennsylvania and New Jersey, and to agricultural list serves. A week before each meetings, staff sent out a memorandum with multiple attachments to farms responding to the meeting notices, to explain the process of obtaining the terminals and for setting up the terminals for SNAP authorization and credit/debit card use. A copy of this memorandum with its attachments is provided in Appendix 1. At the meetings, Farm to City and terminal service company staff gave a presentation on the project (see Appendix 2) and answered questions about the project and the terminals offered.

Thirty-five farms attended these meetings and 29 of them signed up for terminals at the meetings. Other farms that could not attend signed up for terminals in May through September. Farms were required to sign a contract with the fund-transfer firm². Farms also had to sign an agreement with Farm to City stipulating conditions on the use of the terminal and return of the terminal at the end of the 2011 season if the farm decided not to continue using it. (see Addendum A in Appendix 1).

Project staff directly assisted 24 farms to prepare their SNAP applications and sent these applications between April 22nd and September 16th to the USDA-FNS regional office in Philadelphia. These applications included one for a farm that already had remote terminals and wanted to add SNAP capability. Other farms receiving project terminals applied directly for SNAP licenses on their own. No farm received a terminal in 2011 unless the terminal service company had received the USDA-SNAP license number.

Project staff coordinated farm terminal programming for SNAP and credit/debit card capability with the terminal vendor company and a contractor for SIM card programming³. A fourth company⁴ provided airtime for connecting the remote devices to the fund transfer entity. After terminal programming, the terminal vendor shipped remote terminals to farms. Eleven farms signed up for more than one terminal since they sell at more than one market on the same day (range: 2 – 5).

Promotion of EBT Capability at Farmers' Markets. We made market customers aware that the participating farms could accept EBT/credit/debit cards the markets through:

- Point of purchase cards at farm stalls with “We Accept” SNAP, Master, and Visa cards.
- Banners at the markets (hung for the 2011 season or on market day) including the visual message of cards accepted.
- A-Frame signs 1 or 2 at each market showing “Farmers’ Market Today” and the visual message of cards accepted.
- Advertising cards, distributed in market neighborhoods, listing the Farm to City market where EBT/credit/debit cards are accepted; cards included the visual message of cards accepted.
- Weekly email newsletters to market customers contained the announcement that farms accept EBT/credit/debit cards for payment.

Graphic images⁵ of the program promotional materials are provided in Appendix 3.

Seasonal part-time market managers were responsible for hanging banners, putting up A-frame signs, distributing advertising cards, answering farm and customer questions about the terminals, making sure that farms displayed point of purchase cards and brought their terminals to market. The market managers also reported farm-terminal issues to Farm to City office staff for resolution.

Collection of Sales Data. Staff collected reports of total sales for 2011 from each farm selling at the Farm to City markets. To measure project impact we also needed to data on sales attributed to the remote terminals. Although the terminal vendor had committed to providing terminal sales data for staff to use to monitor project success, the vendor’s attempt to do this failed. Project staff then had to request this information from the fund-transfer firm for the terminals. We discovered that the fund-transfer firm did not have built-in capacity to respond to our request and had to create special programming to respond. We obtained sales data from the fund-transfer firm early in 2012 for all but two of the farms receiving the terminals in 2011.

Goals and Outcomes Achieved

The project goal was to enable SNAP clients to use SNAP benefit cards at 19 FTC farmers' markets and to increase farm sales.

We set the following objectives to measure achievement of the goal:

OBJECTIVE 1. To have 40 farmers using remote terminals. We met this objective. Forty farms obtained and used 57 terminals in 2011; 11 of these farms received more than one terminal because they sold at more than one market at the same time. One of these farms received a defective terminal and returned it in exchange for a working one. Two other farms that signed up for terminals cancelled their contract before using them.

Our original budget allowed for the purchase of 40 terminals. Because we purchased the terminals below the budgeted cost and we realized in spring of 2011 that the demand for the terminals would exceed 40, we applied for and received a budget modification in July to purchase 25 more terminals with the savings from the purchase of the first 40.

OBJECTIVE 2. To achieve sales of farm-fresh products using the terminals that is 12 percent of total market sales in 2011, with 2 percent from SNAP card purchases and 10 percent from credit and debit card purchases.

Total Market Sales of Farms Using Terminals. The total sales of the 21 farms in Farm to City markets that received and used 31 terminals was \$1,013,711. There were another 11 rural farms that received and used 16 terminals and 10 urban farms and farm stands selling locally grown foods that received 11 working terminals, that were not in Farm to City markets. The status of the other eight terminals is discussed below (see section, Continuing Use and Transfer of Terminals).

Total Sales from Use of the Terminals.

We were unable to obtain information on terminal sales from the terminal service company that had promised us this data. With a great deal of difficulty, we were able to obtain from the fund transfer firm⁶ the sales figures of 39 farms that were using 53 of the 57 terminals we distributed. The total sales made using these terminals was \$201,089.06. Table 1 presents the total and EBT sales of the 39 farms.

Table 2 compares terminal sales for the Farm to City farms to the total farm sales at markets.

For the 17 farms using the terminals who *also* sold at the same Farm to City markets in 2010, there was an overall 9% increase in sales in 2011, although seven of these farms showed a decrease in sales between 2010 and 2011. There are many variables that influence sales for a farm from one year to the next. The variables that could account for change in sales – in addition to the use of terminals by the farms in

Table 1. EBT Sales and Total Sales with Remote Terminals at Farmers' Markets

	Number of Farms	Number of Terminals	Sales with Terminals		
			EBT Sales	Total Sales	Percent EBT of Total Terminal Sales
Farms selling at Farm to City markets (1)	20	29	\$3,424.00	\$62,963.00	5.4%
Farms selling at other markets (2)	19	24	\$3,738.00	\$138,126.00	2.7%
Totals	39	53	\$7,162.00	\$201,089.00	3.6%

(1) Of these 20 farms, there were 9 with 15 terminals that had terminal sales greater than \$250 and used the terminals throughout the season. These farms account for 82% of the EBT card sales and 84% of total card sales.

(2) Of these 19 farms, there were 10, with 14 terminals, showing sales greater than \$250 and used the terminals throughout the season. These farms account for 82% of the EBT card sales and 84% of total card sales.

Table 2. Sales by farms with terminals selling at Farm to City farmers' markets.

		Percent of Total Market Sales
Number of Farms	20	
Number of Terminals	29	
EBT Card Sales	\$3,424	0.3%
Credit/debit Card Sales	\$59,539	6.0%
Total Terminal Sales	\$62,963	6.3%
Total Cash Sale	\$936,470	93.7%
Total Market Sales	\$999,433	100.0%

2011 - include weather on market day, number of market days per year, competition, sales skill of part-time help, and the effects of promotion. Thus we cannot attribute the 9% increase in farm sales solely to the use of terminals in 2011.

Conclusions from Tables 1 and 2 are:

- Farms selling at Farm to City markets achieved 5.9% their total market sales through use of the terminals, which is about half of the project objective of 12%. If we eliminate the data of farms that had sales less than \$250 and

those that did not use their terminals for the whole season, the percent of sales to card users increases to 9.1%, closer to the project objective of 12%.

- Of the 5.9% of total markets achieved, 0.3% was from EBT sales and 5.6% from credit/debit card sales. The project did not meet the 2% and 10% for these objectives, respectively. Partially mitigating this shortfall in meeting the project objectives were the sales of non-Farm to City farms' use of terminals resulting in an additional \$3,738 in EBT card sales and \$134,388 in credit/debit card sales. There are several factors that contribute to the lower-than-objective percent of EBT and credit/debit card sales.
 - Customers at established Farm to City's farmers' markets are used to spending cash for their purchases so continued to use cash even though many farms had the terminals and showed that they accepted card payment at the point of purchase. We expect that there will be a shift to card use over time.
 - Some of the farms did not get their terminals at the beginning of the season and total sales from the beginning of the season are included in the calculation.
 - Two farms received terminals that did not work and returned them for ones that did, resulting in delay in their use.
 - A number of farms stopped using their terminals during the season due to terminal malfunction, poor reception, and conflicts between training instructions, instruction card, and terminal response different from instructions. Farm to City staff knowledgeable in terminal operation visited farm stands experiencing difficulties but some farms thought use of the terminals was too complicated.
 - Three farms returned their terminals after the bank system for the terminals was hacked in mid-season and several thousand unauthorized dollars were taken from each farms' bank accounts. The farms were fully compensated but this experience made all three farms unwilling to continue using their terminal.

OBJECTIVE 3. To achieve a terminal (SNAP plus credit/debit card) sales-to-FMPP grant award ratio greater than 1.5 in the first year and greater than 4 by year 5 as a measure of project cost-effectiveness.

The ratio of sales in 2011 with the 53 terminals for which we have sales figures, to the amount of the grant award is 2.08 ($\$201,089 \div \$96,482$), exceeding the project objective ratio of 1.5.

Continuing Use and Transfer of Terminals. At the end of the 2011 season, farms made individual decision to keep or return the remote terminals purchased with project resources. Some of the farms electing to keep the terminals to use in 2012

requested that the terminals be made dormant during the winter months to save on certain monthly fees. These terminals were reactivated in 2012.

There were 33 terminals that farms kept for use in 2012, 24 returned, and eight unassigned as shown in Table 3.

Table 3. Project terminal status at end of 2011

Terminal Status	Count
Farm kept for use in 2012	33
Returned	23
Returned, broken	1
Unassigned	8
Total	65

During the 2012 season, Farm to City distributed 11 of the returned terminals to users not in the 2011 project. FTC assisted all but one of these users to secure SNAP licenses from USDA-FNS.

We gave two of the unassigned terminals and one of the returned terminals to farms in the 2011 project to replace broken terminals. At the end of the 2012 season, farms had returned five broken terminals in 2011 and 2012. Sixteen presumably functional terminals remain unassigned at the end of the 2012 season (see Table 4).

Sustainability, Long Term Impact, and Project Replication. This EBT project continues past the end of the project year, 2011. Thirty-two farms held or obtained 32 terminals for use in 2012. Most of the returned terminals reassigned in 2012 are used by urban farms active in lower income neighborhoods where many SNAP clients live, which indicates the terminals will be available for lower income households to purchase locally grown produce and help the urban farms to sell more of their products.

There are another 16 terminals that Farm to City will make available to farms in 2013 and beyond and assist farms in obtaining their USDA-SNAP licenses.

This type of EBT project can and should be implemented elsewhere. The premise of this project is still valid: remote payment systems used by individual farms are more cost-effective and more convenient for farmers, customers, and market management entities than the scrip system.

Table 4. Project terminal status at end of 2012

Terminal Status	Count
Farm used in 2012	30
Replacements in 2012 to terminals kept from 2011 broken in 2012	3
Reassigned from 2011 to farms not in 2011 project	11
Remaining terminals returned in 2011, available for reassignment	10
Remaining, unassigned	6
Broken, 2011 and 2012	5
Total	65

We recommend that future projects of this kind select the most up-to-date and reliable systems from emerging remote sales technologies. Emerging technologies will make the terminals-at-every farm stand much easier to use and less expensive than the system used in this project. An important constraint on implementing EBT projects is the rate at which better hardware and software are approved for use in farmers' markets.

For future EBT projects, farmers' market management entities must educate farms thoroughly on the costs and benefits of having SNAP, credit/debit card capability at the markets they attend so they can make informed decisions on using the terminals. This will be easier in the future as transaction costs go down and devices become easier to use. It is best to get up-to-date terminals into successful use with several farmers' in a market, who can set a good example for later adaptors in years two and three of an EBT project.

Beneficiaries

Farms. This project introduced wireless transaction equipment with EBT capability for individual use by 40 farms selling in Philadelphia area farmers' markets who previously accepted only cash for sales. Other farmers' markets in Philadelphia operated by The Food Trust use the scrip system with one terminal per market used by all farmers at each market.

Thirty-two farms – 24 from the project year and 8 others continued to use the terminals in 2012. Although some farms chose to not use the terminals after the project year, they are aware of the technology so that when terminal use becomes more ubiquitous and emerging technologies are easier to use, even these farms may decide to try again. Although there was a 9 percent increase in sales in 2011 when the farmers' first used the terminals compared to the previous year, it was not

possible to attribute all of this increase to the terminals due to other factors influencing sales.

Consumers. Farm to City farmers' market customers used the terminals to purchase a total of \$201,089 worth of food from the farms, \$7,162 of which was purchased by SNAP card customers.

This project greatly increased the number of farmers' markets in the Philadelphia area where lower income residents with SNAP benefits could purchase fresh locally grown food products and other foods from farmers' market vendors. Although the use of terminals for SNAP cardholders was low in the project year - many of the terminals remain in use and over time we expect greater use of the SNAP capacity.

Since the use of the remote terminals only captured 6.3 percent of customer dollars and EBT benefits were only 0.3 percent of market sales of the participating farmers, it was not possible to identify and interview card users on their experience and demographic profiles.

Farm to City. This project has taught staff how to implement a complex project on top of its routine seasonal planning and operations involving many farmers attending 17 markets across a whole market season and to supervise market site managers overseeing farm use of the terminals during market hours and assisting with project promotion efforts. Staff responded to a number of challenges collecting information on the use of the terminals as well as acting as intermediary in remote terminal and SNAP licensing and resolving conflicts between farms and the companies and agencies supporting the use of the terminals.

Farm to City benefits from this project by having many farms still using the project-financed remote terminals at its farmers' markets, from the avoided costs and inconvenience to farms and customers of acting as administrator of the alternative scrip system.

The project also provided additional income to ten Farm to City's part-time market managers and its part-time bookkeeper, and local graphic design, printing, and banner production firms.

Lessons Learned

1. *Terminal vendor selection and farm terminal and USDA-SNAP signup process took longer than planned.* We should have allowed more time to select vendor and for farms to sign up. We eventually had many applicants. Most of the 40 farms initially invited to participate were slow - or actually declined -to apply for the remote terminals, due to the complexity of the USDA-SNAP application and remote terminal application process, hesitation to adopt a new technology, and the need to arrange a time and place to complete the terminal contracts. Farm to City significantly increased his efforts to let farms selling at farmers' markets in southeast Pennsylvania, Delaware, and southern New Jersey know about the availability of free remote EBT

terminals through farm associations, Penn State Extension, and the Pennsylvania Association for Sustainable Agriculture. Farmers started using the terminals from May through September, 2011.

2. *Difficulty with the USDA-SNAP Application.* We discovered that some of the questions on the application for a SNAP license do not apply to farms selling in farmers' markets. We interpreted the problem questions for the farms with assistance from the regional USDA-FNS staff and created a market schedule form as a useful addendum to the license application (see Appendix 1, Addendum D) for the farms to use. A face-to-face meeting with regional USDA staff helped to facilitate the application and licensing process. As a result of this approach, farms typically received their USDA-SNAP licenses within a week.

Additional Information

A MODEL TO ESTIMATE ANNUAL REMOTE TERMINAL FEES

At the beginning of this project, we wanted to select a terminal sales and service company that charged the lowest fees for card transactions. We developed a spreadsheet model to compare one-time, annual, monthly, per transaction, and percent of sales fees between several prospective companies to assist us in the selection.

The model requires the input of two data types: the fees listed above, including fees for each card type, and estimates of the number of transactions, average sales per transaction per market day for each card types, market days per month and market months per year. Although the percent-of-sale fees charged varies considerably between card types, prospective companies should be able to provide a reasonable average fee from a description of the typical customer to farmers' markets.

The model takes all input data into account to yield an annual average terminal cost as a percent of sales using the terminal. The result of one configuration of model settings is shown in Appendix 4. The model also estimates annual costs over three years with amortization of first year, one-time costs.

The electronic file in .xls format of the model is available by request sent to info@farmtocity.org.

CURRENT AND EMERGING REMOTE TERMINAL TECHNOLOGIES

Current Technologies. While remote terminals for credit/debit card transactions have improved over time in terms of reception and network capabilities, the basic functions of the machines remain the same. Currently many farmers' markets utilize machines that accept credit cards, debit cards and EBT/SNAP cards by swiping the card and entering a PIN or a signature to confirm the sale. Two terminals commonly used at farmers' markets – the Hypercom T4230⁷ and the older and more widely used Nurit 8020⁸– support multiple payment types: credit, PIN debit, electronic gift card, Electronic Benefits Transfer (EBT or SNAP). The only discernable differences

between the Hypercom and the Nurit are the look and feel of the terminals. For any terminal, reception quality is dependent on the phone carrier coverage of the area where the terminals area used so anyone acquiring a remote terminal should ask the service company what service is provided and check on the coverage and reliability of that provider.

It is currently possible to obtain fixed location terminals (not wireless or remote) through Federal and State programs at no cost, depending on market size and state involvement. Through the USDA, any market that conducts \$100 or more in SNAP purchases per month is eligible for a free point-of-sale (POS) device, however *only* for EBT transactions. These terminals can only be used at markets with electricity and a land-line phone connection.

A market organization can purchase or lease a commercial remote terminal that accepts EBT, debit and credit cards. Because these terminals are wireless, the farmers' market entity can use one at multiple locations provided they are on different days of the week. The market entity can purchase these devices through a third party processor in most States and is responsible for all card-provider and transaction fees. Some states, however, are now providing free wireless terminals with EBT, credit, and debit card capability for farmers' markets. For instance, in 2011, the Pennsylvania Department of Agriculture purchased all-card capable terminals for use in farmers' market.

It is important to note that each state contracts with a central processor who is responsible for all processing of EBT transactions, regardless of terminal type used. While individual farmers and markets have the option to go with a third party processor, each state's contractor is still responsible for issuance of the SNAP debit cards and the monthly loading of benefits to recipients' EBT cards. Therefore, to introduce any new technology, market entities must submit a proposal to the appropriate state welfare agency for approval. The state agency in turn must obtain approval from the USDA. After all approvals are in place, integration of the new technology with the state's contracted system is necessary. ⁹

Emerging Technologies. With the advent of smart phones and similarly capable devices, other card-reading technologies are emerging that will eventually replace currently used wireless credit card terminals. The first stage of these technologies are devices that either clip on or serve as a dock for smart phones and other smart internet devices. Ultimately – either by built-in hardware or software innovations - smart devices by themselves will be capable of reading cards presented for payment.

Clip-on Devices. Currently there are two companies offering clip-on devices.

- **Square-Up.**¹⁰ This device clips onto i-Phones and i-Pads. Signup is easy and the devices are free. Square-up charges a flat 2.75% of sales. Users can email a receipt to buyer.

- **ROAMPay.**¹¹ This device clips onto BlackBerry, iPhone, iPad, and Android devices. The device is free but fees are dependent on the number of sales and volume of sales per month. Users can email a receipt to buyer. ROAMPay fee structure is more expensive than that of Square-Up unless the average transaction is \$30 and monthly sales are \$15,000 per month. Most farms selling at farmers' markets do not have sales this high.

In considering cost, one must take into account smart device initial cost and internet charges and what portion of these should be attributed to use of the device for sales transactions.

Although both these devices can be used at markets for scrip or token systems and by individual farms, USDA-FNS has not accepted either to process EBT cards. We were unable to determine if either of these companies have approached any state or USDA-FNS for approval of EBT processing.

Docking Devices. With this technology, a vendor places a smart device in a docking unit that serves as a card reader, printer and scanner. The unit is handheld and relatively inexpensive. It communicates wirelessly through Wi-Fi or cellular network. The user can easily mount and detach the smart device from the docking unit.

Using the combined smart device and the dock unit (approved by Apple and the USDA¹²), a vendor can accept both EBT/SNAP payment from food and cash benefits AND credit card/debit card payments without any additional hardware. The docking device user can give the customer a printed receipt or send the customer a receipt by e-mail or text message. Customers can check their current EBT balance on the screen of the device.

Currently, one company, the Novo Dia Group Inc., has successfully piloted the use of its Mobile+ Market system for accepting EBT cards at 26 farmers' markets in Michigan. According to one market manager, "Before, our vendors missed out on most WIC and SNAP purchases since they had no equipment to process electronic benefit cards within their stands. Thanks to the Mobile Market+ solution, vendors can process card transactions on the spot. And a new group of customers are finding their way to the farmers' markets and more money will be spent on locally grown produce. . . Many farms are technology-resistant but they have quickly adopted the new payment device. It is very easy and intuitive to use and there is almost no set up involved."¹³

Novo Dia is developing a partnership with WorldPay in order to accept both credit/debit cards and EBT cards on the same device, via separate mobile applications. Nova Dia anticipates this capability will be online by early 2013¹⁴ and likely be offered to farms at Michigan markets.

The next step could be for USDA-FNS to allow other states to offer use the smart device-docking combination if its review of the Michigan pilot is positive.

An Alternative to Remote Terminal Use with Service Company Processing. The remote terminals currently used in farmers' market typically require the involvement of several companies to sell, service, program, transmit electronic data, and to control the transfer of funds between buyer and seller. Statements do not show the fees charge for individual purchases either at the time of the transaction or in the summary reports the service companies provide. Furthermore, the reports provided are cumbersome to generate and give only cursory information about transactions (see example in Appendix 5, pages 1-3). Vendors cannot obtain a list of transactions by customer except during the batching process, which is printed on a long tape and is not easily transferred to a spreadsheet. Online reports only provide a total for transactions by type, and these reports are only available after a considerable wait time.

In contrast, the online service, Paypal offers downloads of transactions anytime at the member's convenience. The average wait time for these reports is less than 5 minutes and they provide up-to-date information about all transactions including time of sale, amount, exact amount of fee charged, name, email address and an individual transaction number if there are any disputes. Refunding payments can be done quickly and customers are notified by email.

PayPal provides transaction information in a CSV file (see Appendix 5, page 4), which the vendor can use to reconcile transactions quickly. This type of information can also be used to analyze average transaction size, give the vendor data on when sales are heaviest, and help reconcile how much money credit cards generate and cost the vendor each month.

Traditionally services such as Paypal were only through websites, but PayPal now offer a card swiper that can attach to any smart phone. Square Up provides a similar service. While the phone is an added expense, prepaid smart phone plans are now as low as \$35 per month and phones are \$40 to purchase. Swiping a card through Paypal costs 2.7% with no other fees, This is considerably lower than paying monthly machine and airtime fees plus per sales and per transaction costs.

Unfortunately, Paypal and Square Up are unable to accept EBT at this time in Pennsylvania. This should change since single function credit card terminals are cumbersome and expensive to use and their service entities are unable to provide vendors with data that will help them make good business decisions.

PROJECT EXPERIENCE WITH THE FARMERS' MARKET PROMOTION PROGRAM

The USDA-FMPP staff were helpful throughout the project. The initial presentation by staff in early November 2010 was very well done, providing grant awardees with a comprehensive overview of program requirements and expectations. The manual provided, for the most part, gave clear, easy-to-find guidance for compliance with

federal grant processes and requirements. There was one issue that delayed this project at a critical time in 2011 when we applied for a budget revision. Our request arrived when the FMPP office and staff was preparing to move to new quarters delaying review, revisions, and approval until after the move was complete. While delay was unavoidable, the result was that some farms didn't get their terminals until well after the project's market season had started and production of promotional materials was delayed until we had a final count of production numbers.

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- Appendix 1. Memo to Farms Announcing Remote Terminal Meetings
- Appendix 2. Presentation to Farmers about the Remote Terminal Project
- Appendix 3. Images of SNAP Card Promotion Materials
- Appendix 4. Model Used to Estimate The Annual Cost of Remote Terminal Operation
- Appendix 5. Examples of a Remote Terminal Fee Statement and A PayPal Statement: A Comparison for Usefulness

Endnotes

- ¹ BPS Worldwide, 1800 Greentree Road, Cherry Hill, NJ 08003, phone: 856-874-0822.
- ² Payment Alliance International, One Paragon Centre, 6060 Dutchmans Lane, Suite 320, Louisville, KY 40205-3277, phone: 866-371-2273
- ³ Apriva Information Security Systems, 8501 North Scottsdale Road, Suite 110, Scottsdale, Arizona 85253, phone: 480-421-1200
- ⁴ Full Spectrum: <http://www.fullspectrumnet.com/>
- ⁵ Promotional materials were designed by DYAD COMMUNICATIONS *design office* 1429 Walnut Street, #700 / Philadelphia 19102, phone: 215-636-0505;
- ⁶ Ibid 2.
- ⁷ Elavon. (2010). Hypercom® Optimum T4230 [Brochure]. Retrieved December 12, 2012 from <http://www.elavon.com/documents/pdfs/T4230-low-res.pdf>
- ⁸ Valued Merchant Services. (2007 NURIT 8020 [Brochure]. Retrieved December 12, 2012 from <http://www.valuedmerchants.com/uploads/Nurit8020%20Info.pdf>
- ⁹ "7 CFR 274.3: "Retailer management." (Current through 2011-01-01). Text from: Code of Federal Regulations. Available from: <http://www.gpo.gov/fdsys/pkg/CFR-2011-title7-vol4/xml/CFR-2011-title7-vol4-sec274-3.xml>; Accessed 12/14/12.
- ¹⁰ <https://squareup.com/>
- ¹¹ <http://www.roamdata.com/roampay/us>
- ¹² Wiles, Josh. Jo, "Mobile payment solution from Novo Dia Group enables Michigan Farmers' Markets to tap into the SNAP and WIC Market". [Novo Dia Group.com](http://www.novodiagroup.com). 2010. December 12, 2012 <http://www.novodiagroup.com/mobile-payment-solution-from-novo-dia-group-enables-michigan-farmers-markets-to-tap-into-the-snap-and-wic-market/>
- ¹³ Wiles, Josh, quoting Joe Lesausky, assistant manager at the Fulton Street Farmers' Market in a press release, "Mobile payment solution from Novo Dia Group enables Michigan Farmers' Markets to tap into the SNAP and WIC Market". [Novo Dia Group.com](http://www.novodiagroup.com). June 26, 2012. Accessed: December 12, 2012 <http://www.novodiagroup.com/mobile-payment-solution-from-novo-dia-group-enables-michigan-farmers-markets-to-tap-into-the-snap-and-wic-market/>
- ¹⁴ Wiles, Josh. "Novo Dia Group partners with WorldPay to offer complete payment solution to Farmers' Market Community". [Novo Dia Group.com](http://www.novodiagroup.com). November 5th, 2012. Accessed: December 12, 2012 <http://www.novodiagroup.com/novo-dia-group-partners-with-worldpay-to-offer-complete-payment-solution-to-farmers-market-community/>

Appendix 1

Memo to Farms Announcing Remote Terminal Meetings



1315 Walnut Street
Philadelphia PA 19107
Office: 215 733-9599
bob@farmtocity.org

MEMO

To: Farmers wanting remote terminals for farmers' market transactions
From: Bob Pierson
Date: April 2, 2011
Re: Meeting on remote terminals to accept SNAP, credit, and debit cards

We invite you to a presentation on how to sign up for a remote terminal (Terminal), learn about its use, and ask questions about this program.

When: Wednesday, April 13, 2011, 6 to 8 pm
Where: Farm & Home Center of Lancaster County
1383 Arcadia Road
Lancaster, PA 17601

You should to attend this presentation, fill out key forms, and bring supplemental documents to receive one of the terminals. Please let me know by April 11th that you plan to be there. If you are interested in this program but cannot make it yourself or cannot send someone in your place to this meeting, please call me right away.

The steps to receive a remote terminal with full capability are:

1. **You sign a terminal use agreement.** This agreement stipulates the conditions for your use of the remote terminal and is **Attachment A**.
2. **You fill out the USDA application** and prepare one copy of supplemental documents. Our instructions for the USDA application is **Attachment B**, the application itself is **Attachment C**, and the list of supplemental documents you must submit is provided in **Attachment D**. Once the USDA has these documents it can issue a license authorizing you to accept SNAP (food stamps) payments. You must provide this license number to Farm to City. We will give it to PAI so it can program your terminal to accept **SNAP** cards.
3. **You sign a service agreement with PAI.** BPS Worldwide representative Cynthia Maiorano will be at the meeting to assist you with the PAI application.

4. **You submit a second copy of supplemental documents** to Farm to City plus a voided check of the bank account where you want money to be deposited (a business or personal account), (**see Attachment D**). We will give these to PAI so it can program your terminal to accept **credit and debit** cards.
5. **PAI prepares the terminals.** PAI will program your terminal to accept SNAP, credit and debit cards and will set up the links to transfer money to your bank account from the card-holders' bank accounts. We will give you your terminal after it is programmed.
6. **PAI instructs you to use the terminal.** When you receive your terminal, you call PAI for instructions on its use.

You will use the attached documents to complete your application for the terminal and to find your way to the meeting in Exton. These attachments are:

- **A. Agreement** you must fill out and sign this agreement in order to receive a machine for use in 2011. This form lists the requirements you must meet and conditions you agree to.
- **B. FTC Instructions on filling out the USDA SNAP Application.** These instructions will help you give farmers'-market answers certain questions on the application.
- **C. USDA Supplemental Nutrition Assistance Program (SNAP) Application.** [not included in Final Report to USDA]
- **D. Market list.** This is an addendum to C. USDA SNAP Application in case you will use the remote terminal at more than one location.
- **E. List of Supporting Documents** identifying yourself, your business, and your bank account.
- **F. Directions** to the Chester County Economic Development Center.

You should bring Attachments A (signed), C (filled out and signed), D (placed after page 3 of Attachment C, if applicable), and the supporting documents in attachment E, to the meeting. If you do not know how to answer the questions on the form we will help you to answer them.

We will collect completed documents at the end of the meeting.

I look forward to meeting you and working with you on this project.

ATTACHMENT A

AGREEMENT FOR THE USE OF A REMOTE TERMINAL

THIS AGREEMENT is made effective this ___ day of _____ 2011, by and between _____
_____ (User), whose address is

_____ and Farm to City LLC (FTC), 1315 Walnut Street, Suite 1325, Philadelphia PA 19107.

The purpose of this agreement is to set forth the terms for the use of a remote terminal (Terminal) by User to enable the User to accept Supplemental Nutrition Access Program-, credit-, and debit-card payments for the purchase of farm products by card holders. The handheld Terminal is equipped with a card reader, a number keyboard, and a thermal printer.

The use of the word, Terminal, in this agreement shall apply to one or more Terminal issued to User in the case that the User attends more than one market at the same time at different locations.

A. To receive a Terminal, which will enable the User to accept SNAP, credit, and debit cards as payment for farm products:

1. The User must complete the USDA Supplemental Nutrition Access Program Application and receive a license from USDA to accept SNAP benefit cards.
2. The User must submit the USDA SNAP license number, acceptable personal/business identification, bank account number, and bank account routing number to FTC.

B. The User shall:

1. Grant permission to FTC for access the User's web-based deposit statements generated by Merchant Payment Services, which statements list and summarize the daily transactions the User accomplishes with the Terminal.
2. Pay all (100%) of the monthly and transaction fees incurred through the use of the Terminal while in the user's possession. As stipulated in Section C.2 of this agreement, FTC shall refund half of the monthly and transaction fees incurred by the User during the term of this agreement.
3. Pay all (100%) of incidental fees incurred through the use of the Terminal including but not limited to:
 - a. Charge-back fees (\$20 plus refund of customer disputed transaction not resolved by the User).
 - b. \$28 fee for insufficient funds in Users bank account on the 3rd of the month to pay for monthly transaction and incidental fees.
 - c. \$0.95 voice authorization fee per transaction, if credit, debit, or SNAP service is interrupted and User uses a phone line to complete the transaction.

4. Post signs, provided by FTC, at User's stand at each market where the Terminal is used, stating that SNAP, credit, and debit cards are accepted by the User.
5. Use the Terminal only for sale of products produced on User's farm or farm products produced on other farms located within 150 miles of Philadelphia.
6. Accept SNAP card payments only for foods allowed by its license from USDA.
7. Use the Terminal only at the markets listed on the User's USDA SNAP Application.
8. Return the Terminal at the end of the User's market season or December 31, 2011, whichever occurs first.
9. Not hold Farm to City responsible for Terminal malfunction or Terminal service provider dealings with User.

C. FTC shall:

1. Provide a Terminal to User provided User is authorized by Payment Alliance International to use the Terminal.
2. Access User's Terminal account to generate transaction reports required by the condition of the USDA FMPP grant. FTC shall not reveal the identity of User in any reports produced from User's Terminal account data.
3. Refund to User 50% of monthly fees up to the limit allowed by grant funds.
4. Provide signs to User stating the User accepts SNAP-, debit-, and credit-cards.
5. Issue more than one Terminal to User upon User request for concurrent use at different market locations if FTC supply of such Terminals allows.

D. Either party to this agreement may terminate this agreement.

1. FTC may terminate the User's account and request return of the Terminal if the User violates the terms of this agreement. The User agrees to return User's Terminal upon FTC request.
2. User can return the Terminal at any time during the term of this agreement and request in writing that User's account be terminated and stating the reason(s) for the request. FTC shall terminate User's account after the 3rd of the month following receipt of User's request and the Terminal.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date set forth above.

USER

FARM TO CITY, LLC.

Print Name

Robert W. Pierson, Director

Print Name of Business

Date

Signature

Date

Instructions to fill out the

**USDA SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP)
APPLICATION**

To accept SNAP cards from customers, you must be licensed by the USDA.

Merchant Payment Systems needs your USDA SNAP license number to program the remote terminal to recognize SNAP transactions. Farm to City will collect all signed applications and support documents, package them and deliver them to the appropriate USDA office for processing.

The SNAP Application form is attached. It consist of:

- Cover letter from USDA-Food and Nutrition Service
- Eligibility Criteria (1 page, unnumbered)
- Application Checklist (1 page, unnumbered)
- Application Form:
 - Your contact and business information (pages 1-3)
 - Privacy Act, Use and Disclosure, Penalty Warning (page 4)
 - Signature page (page 5)
 - USDA instructions for filling out the application (pages 6-8)

Please fill out numbered pages 1 – 3, sign page 5 and bring pages 1 through 5 with you to the April 13th meeting.

Other required documents are listed on the Application Checklist page.

- Copy of any license you have required to operate your business
- Photo ID. Can be a drivers' license, passport, state issued photo ID etc.
- Social security number. A photo copy of your social security card or the front page of your most recent tax return that shows your social security number. If your farm is a corporation you must provide one of these documents for each of the corporate owners, partners, etc.

Please prepare the Other Required Documents right away and bring all of them with you to the April 13th meeting.

Below are further instructions that you can use to help make your answers better fit the questions (which were not designed for farmers' markets).

Question 1. Opening date.

- If you are only going to use the remote terminal at one market, put the first market day you will be there (take your best guess).

- If you are going to use the remote terminal at more than one market, write in “Multiple markets. See Addendum to Question 23a – Start Date.”

Question 4. Store location.

- If you are only going to use the terminal at one market, put in the location or address of that market (street intersection or block, and municipality– e.g. 5th and Main, or, 100 block of Maple Street, Adamsville PA, 19999).
- If you are going to use the remote terminal at more than one market, write in “Multiple markets. See Addendum to Question 23a – Market Location.”

Question 7. Be sure to provide an alternate phone number.

Questions 10 – 12.

- If you report your income to the IRS using your social security number, check Sole Proprietorship in Question 10 and fill out Question 12a.
- All others should check the correct corporate type in Question 10 then fill out Question 11 and Question 12a-d for other people involved in the corporation, per instructions just before Question 12.

Question 18. Check all categories that apply. Different fruits or vegetables, cuts of meat or types of cheese, for example, count toward the requirement of “at least three different items in each of the [checked] food categories.” Eggs count with the meat category.

Question 21. Only put the number of cash registers here. If you do not use a cash register, enter 0. Do not include cash boxes or change aprons.

Question 23. Check “no.”

Question 23a.

- If you go to just one market, fill in the information requested on the application form.
- If you go to more than one market, write “See page 3a, Addendum to Question 23a” after Question 23a. Then fill out the form included in this package entitled **Market List for USDA SNAP Application, Addendum to Question 23a** giving the name of each market you attend where you will use the remote terminal, the market location and your operating months, day(s) and hours, one market to a line. Write your name at the top right side of the form and place it after page 3 of the application.

ATTACHMENT C

This attachment to the original memo (Appendix 1) is the 13 page SNAP Application and Instructions for 2011 and is not reproduced here.

To review the current on-line application process and forms go to <http://www.fns.usda.gov/snap/retailers/application-process.htm>

LIST OF SUPPORTING DOCUMENTS

Note that the first three documents in each list are the same so make two copies of these for submission.

Documents to submit to Farm to City as part of the USDA SNAP Application

For complete details, refer to the [Application Checklist](#) on the second unnumbered page of the USDA SNAP Application document.

1. A photocopy of a current business license in your name.
2. A photocopy of your driver's license or state-issued photo-ID card.
3. A copy of your social security card or EIN card (or most recent Federal Tax Return with your social security number on it). If your business is a corporation, you must provide this document for every person with a vested interest in the corporation.

Documents to submit to Farm to City for credit and debit card authorization

1. A photocopy of a current business license in your name.
2. A photocopy of your driver's license or state-issued photo-ID card.
3. A copy of your social security card (or most recent Federal Tax Return with your social security number on it).
4. A cancelled or voided check showing your or your business name, your account number, and bank routing number.

ATTACHMENT F

Farm & Home Center of Lancaster County
1383 Arcadia Road
Lancaster, PA 17601

Directions to the Farm & Home Center



West of Lancaster

Rt 30 East to Rt 72 (1st Exit Past Park city)
Turn right at ramp stop sign.
Turn left between Conestoga Marine and Jones
Honda dealership.

East Of Lancaster

Rt 30 West to Rt 283 West to Rt. 72. Turn left
on Rt. 72 going South under the Rt. 30 bypass.
Turn left between Conestoga Marine and Jones
Honda dealerships.

