

Frequently Asked Questions:

EBT and Serving Food Assistance Customers

- **What is Electronic Benefit Transfer?**

Electronic Benefit Transfer (EBT) is an electronic system that allows the State government to provide food stamp (Food Assistance) and other benefits to recipients via a plastic debit card. Purchases by the recipient authorize the transfer of their government benefits from a Federal account to a retailer account. Over 99.8 percent of food stamp benefits are currently being issued by EBT.

Within Michigan, the Department of Human Services works with a contractor to provide an EBT system for delivery of Food Stamp benefits.

- **How does EBT work?**

In EBT systems, food stamp recipients apply for their benefits in the usual way, by filling out a form at their local food stamp office. Once eligibility and level of benefits have been determined, an account is established in the participant's name, and food stamp benefits are deposited electronically in the account each month. A plastic card, similar to a bank card, is issued and a personal identification number (PIN) is assigned or chosen by the recipient to give access to the account.

When paying for groceries, the process is much like the use of a debit card. The food stamp customer's card is run through an electronic reader or a point of sale device (POS), and the recipient enters their PIN number to access the funds in their food stamp account. Then, electronically, the processor verifies the PIN and the account balance, and sends an authorization or denial back to the retailer. The recipient's account is then debited for the amount of the purchase, and the retailer's account is credited. No money and no paper food stamps change hands. Payment is made to the retailer through a settlement process at the end of the business day.

Some customers also receive cash assistance from the state through other assistance programs. These EBT cash benefits can be used for unrestricted purchasing and are also available on the Bridge Card. Farmers markets accepting cash EBT sales must have a way to track cash EBT sales versus Food Assistance Program EBT sales. This can be done by using distinct cash/food assistance tokens or scrip.

- **How can I accept food stamp customers' EBT cards?**

There are 2 steps to becoming a Farmers Market allowed to accept sales from customers using an EBT card. These steps can be taken simultaneously:

- Become a Food Stamp authorized retailer by applying and being approved by the US Department of Agriculture (USDA) Food and Nutrition Service; and
- Become a Farmers Market allowed to use an alternative system by applying to the Michigan Department of Human Services. This will allow all the food vendors in the market to share a single POS device.

A farmers market may apply to accept food stamp benefits on behalf of participating farmers. A single umbrella application is completed with the principal of the sponsoring organization named as the responsible party.

Another option is for each individual farmer to become an authorized retailer and be their own responsible party. To do that, each would have to have his or her own POS device with a phone line or wireless access. If they do this, they do not have to apply to use an alternative system with the Michigan Department of Human Services.

You may request a retailer authorization application by calling the toll free number 877-823-4369 or by downloading an application at the following website:
www.fns.usda.gov/fsp/retailers/retailer_app/retailer_app_map.htm

You can apply to the Michigan Department of Human Services as a multi-vendor Farmers Market by calling James McCreight at (517) 335-3636 or emailing him at mccreightj@michigan.gov

- **How do I fill out the Food Stamp Retailer Application?**

Below are some typical questions asked regarding completion of the application.

- **Question #7: Type of ownership.**

How do markets that are nonprofits, or sponsored by municipalities answer this question?

Select either Publicly Owned Corporation or Cooperative as ownership type. If not publicly owned, documentation of Non-Profit status must be submitted with the application; i.e. IRS exemption letter, or Articles of Incorporation for a Domestic Non-Profit Corporation.

- **Question #8: Primary owners or major shareholders or cooperative officers.**

If there is a governing board of some sort, is it sufficient to provide information about its officers rather than about each board member? What about markets that are operated by a municipality? Is someone required to provide identification?

Whether they are an officer, board member or a market master, photo identification and documentation of social security number must be received for an individual responsible for the operation of the Food Stamp Program at the farmer's market.

- **Question #10: Contact info for Parent Corporation:**

How might this apply to farmers markets?

This question has no application for farmers markets and can be left blank – this question pertains to multi store chains or franchises.

- **Copy of current license required to operate:**

What should I attach?

Some municipalities will issue a license to operate a market while others do not; there is no required license by the Michigan Department of Agriculture to operate a farmer's market. If you have a local business operator's/seller's/or vendor's license you may submit that with your application.

- **Question #13: Estimate your annual RETAIL sales:**

How do I estimate my annual sales?

For a farmers market with multiple vendors, ask each vendor to estimate a dollar amount of what they think they may sell in a month, then multiply that by the number of months you are open.

- **How long will it take to become authorized?**

The USDA Food and Nutrition Service field office has up to 45 days from the date they receive a completed application to approve or deny your application for a food stamp program permit.

- **After I'm authorized, what types of changes should I report to the USDA Food and Nutrition Service Field Office?**

Retailers must notify the Food and Nutrition Service field office of changes in store (farmers market) name, location, responsible party, and telephone number. Any planned change in banking information should be reported to your EBT processor two weeks in advance of the change. This notification is very important to continue the uninterrupted transfer of funds.

- **Can the same authorization permit and EBT equipment be used at a different location, or can I let someone else use it?**

The Farmers Market must notify the appropriate USDA Food and Nutrition Service field office immediately whenever the farmers market changes ownership or closes. You must apply for a new authorization permit for each farmers' market location that you operate and where you want to serve food stamp customers. The ***Food Stamp Program authorization permit and EBT Equipment Are NOT TRANSFERABLE*** from one location to another or from one owner to another. You cannot use the previous owner's authorization or equipment and ***you cannot accept Food Stamp Program benefits until the USDA Food and Nutrition Service authorizes you.*** If you have any questions, contact the Food and Nutrition Service field office immediately for assistance.

- **When will I get my EBT equipment?**

The State will supply you with POS device at no cost. This equipment, delivered by the State's EBT service provider, will only support EBT transactions. The Michigan EBT vendor will provide POS equipment within two weeks of authorization by USDA and completion an EBT Retailer Agreement with the Michigan EBT vendor.

Another option is to contract with a third party processor. For a fee, these companies will provide a POS device that accepts bank cards, credit cards and EBT food stamp cards. Search for "third party processors" on the Internet and you can find contact information for various companies.

- **What items can and can't be bought with food stamp benefits?**

Households CAN use food stamp benefits to buy foods for the household to eat, such as:

- Breads and cereals
- Fruits and vegetables
- Meats, fish and poultry
- Dairy products
- Seeds and plants which produce food for the household to eat

Households CANNOT use food stamp benefits to buy: Beer, wine, liquor, cigarettes or tobacco;

- Any nonfood items, such as pet foods
- Soaps and paper products
- Household supplies
- Vitamins and medicines
- Food that will be eaten in the market
- Hot foods

- **May I set a minimum spending requirement for food stamp customers using their food stamp benefits (EBT card)?**

No. Food Stamp Program regulations prohibit retailers from setting a minimum purchase requirement for purchases made with food stamp benefits. Any eligible food item(s) may be purchased using food stamp benefits, regardless of the amount of the purchase.

- **Can food be bought on a credit account using food stamp benefits?**

No. A retailer found to be accepting food stamp benefits for credit accounts is in violation of the Food Stamp Program and can be taken out of the program.

- **Can a vendor give cash refunds for purchases made with food stamp benefits?**

No. A vendor must credit the EBT card for the amount of the food stamp refund. Contact your local Food and Nutrition Service field office if you have additional questions.

- **What happens if there is a power outage?**

You will be able to process food stamp purchases using manual vouchers, after obtaining an approval code for each transaction. Your Third Party Processor or State's EBT service provider will provide a supply of vouchers. Instructions on processing vouchers will be provided by your State's EBT service provider.

- **Is there a way to do a transaction if the EBT card is defective or does not work?**

Yes, if the recipient has the defective card with them, you may manually key enter the EBT card number into the POS device. The food stamp customer and his/her EBT card must be present during a key-entered transaction. The food stamp customer must enter their Personal Identification Number (PIN) as usual.

- **How do I handle a customer who has lost his or her EBT card or forgotten the Personal Identification Number (PIN)?**

Retailers cannot conduct business without an EBT card and valid Personal Identification Number (PIN). The customer will have to get a new EBT card or PIN. Usually the food stamp customer has had training on how to do this or they will have a pamphlet that tells them how.

- **Can I still accept paper food stamp coupons if I have EBT? Do paper food stamp coupons expire?**

Although EBT transactions are now the norm, retailers must continue to accept food stamp coupons. Food stamp coupons do not expire. If you have any questions about how to redeem paper food stamp coupons, contact your local USDA Food and Nutrition Service field office.

For more information:

For more information, contact the USDA Food and Nutrition field Office listed below. Information on Food and Nutrition Service programs is also available on the World Wide Web at www.fns.usda.gov/fns/.

Detroit Field Office:

Food and Nutrition Service, USDA
Patrick V. McNamara Building
477 Michigan Avenue, Room 278
Detroit, MI 48826-2518
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Grand Rapids Satellite Office:

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