Electronic Benefit Transfer (EBT) Programs: Best Practices To Serve Recipients

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A report to the West Coast Regional Office
Consumers Union of U.S., Inc.

August 2000
The West Coast Regional Office of Consumers Union is engaged in the Electronic Benefit Transfer (EBT) Equality and Access Project. Through the Project, Consumers Union is working with other organizations in California to seek to ensure that lower-income Californians are served by an EBT system that maximizes recipient consumer protection and serves as a springboard to the mainstream economy. This Project is made possible by the generous support of the Rosenberg Foundation.

The goal of our Project is to influence the California EBT system to provide California public assistance recipients with:

- The most dignity;
- The most convenience;
- The most access to low-cost locations to withdraw cash benefits;
- The most meaningful consumer rights; and
- The most access to the technologies used in the mainstream banking world.

EBT has the potential to improve, in a small but significant way, the life of every food stamp recipient. It has the potential to be a stepping-stone into the traditional banking system for public assistance recipients in every state or county that uses cash EBT. By helping to create an EBT system that is low-cost, convenient, and fair for recipients, the Project will help to ensure that this first exposure of many recipients to the technologies used in the private banking system is a positive experience.

Our work in California made us aware of the wide variation in practices in EBT implementation across the U.S. Most other states already have EBT contracts, allowing California to learn from them. Many of those states have contracts which will come up for renewal or for selection of a new EBT vendor in the next few years. The best practices identified in this report should be adopted both for California’s not-yet-developed EBT system, and also in other states as they renew or reassign their EBT contracts.
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The authors conducted this study as part of the program of professional education at the Goldman School of Public Policy, University of California at Berkeley. This paper is submitted in partial fulfillment of the course requirements for the Master of Public Policy degree. The judgments and conclusions are solely those of the authors, and are not necessarily endorsed by the Goldman School of Public Policy, by the University of California or by any other agency.
Acknowledgments

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Executive Summary

A total of 19.8 million people living in 8.2 million households across the U.S. received food stamps each month in fiscal year 1998. (USDA, 2000). By 2002, these recipients will no longer use paper food stamp coupons - they will all access their benefits using Electronic Benefit Transfer (EBT) cards.¹ How will EBT cards change the way recipients access benefits - will EBT be easier or more difficult for recipients than paper coupons? Can EBT systems be designed to maintain recipient convenience and flexibility? What choices do states have in designing their EBT systems, and what can they do to ensure that EBT does not lead to a decline in recipient flexibility or convenience? How can states structure EBT to improve recipients’ comfort with bank technology so as to bring recipients into the mainstream banking system? Since EBT cards are used in some locales for receiving cash public assistance benefits as well, what safeguards are needed to ensure fair and low-cost access to benefits? This report addresses these questions by examining the impact of EBT on recipient customer service in nine states and two California counties. We identify the best practices for EBT administration that should be adopted to provide the most convenient, flexible and efficient system for recipients. We recommend that all EBT programs implement all of these recommendations.

This report is intended to be useful to EBT program administrators and consumer advocates throughout the U.S. Although the majority of states² in the U.S. have implemented EBT in some form, some states are still operating pilot programs only, and other states have only recently completed full implementation. Those states which have completed full EBT implementation have knowledge and experience which would benefit other states with programs still in development.

It is a particularly opportune time to incorporate these practices into California’s EBT system, since the contract has not yet been awarded to the private vendor that will implement the program in the state, in addition, county-level administrators have not completed their local implementation plans. By integrating these practices into its EBT program before full implementation, California and some other states may benefit from the experience of earlier programs, and may be able to avoid some of the pitfalls and growing pains of other EBT systems. In addition, it is more effective to incorporate program changes before implementing an EBT program across the state.
To investigate current EBT practices the authors administered a written questionnaire and follow-up telephone interviews with ten EBT program administrators. The authors also conducted telephone interviews with welfare advocates in order to gather a wider range of opinions on EBT implementation. The states examined were Florida, Illinois, Maryland, Massachusetts, New Jersey, New York, Texas, Washington, and Wisconsin plus pilot county-level programs in San Diego and San Bernardino.

Although most advocates and EBT administrators agreed that the EBT food stamp program is working fairly well, there are still problems in many states with EBT delivery of cash welfare benefits, particularly in areas which are largely low-income or rural. In particular, advocates are concerned about fee structures because states permit fees for ATM transactions above a set limit, and banks frequently add surcharges. Federal regulations mandate that food stamp purchases are fee- and surcharge-free, but cash benefits are subject to vendor, retailer, and bank fee structures.

In all programs, administrative structure, communication and philosophy play a key role in the success of an EBT program. In particular, county-administered EBT programs varied widely. County-level programs have an additional level of bureaucracy not found in state-administered programs. County by county administration led to a particularly wide range in program success among county-administered programs. There was more variation in the commitment and consistency of program management in the county-administered programs than in the state-administered programs.

Although all of the best practices described in this report can be implemented in any EBT program, county administration adds some challenges. Each program had unique demographic or administrative challenges, and the key to successfully addressing these challenges was program flexibility.

The current market structure of vendors is an oligopoly, and may soon become a monopoly. As of January 21, 1999, Citicorp Services, Inc. had been awarded contracts in 29 states. (Business Wire, 1999). A vendor market with a small number of firms provides incentives for vendors to use economies of scale for tasks such as telephone helplines. Economies of scale, however, can lead to a reduction in program flexibility, which may hinder a program administrator's ability to address unusual or special needs among recipients. Program flexibility is essential for recipient services' success. Fewer vendors also decreases contract competition, which may lead to limitations on the range and quantity of services provided to recipients.

The following section identifies best practices in card issuance, program administration, training and initial rollout, telephone helpline, fees, automated teller machines (ATM) and point of sale (POS) access, card problems and vendor contracting.
Recommended Best Practices

1. **Best Practices for the issuance of EBT cards** (see page 20):
   - Issue cards in person at the local welfare office, unless the recipient asks for the card to be mailed.
   - Allow recipients to pick their own PIN numbers.
   - Never mail “live” EBT cards that do not require telephone activation.
   - Set up phone lines so that recipients can easily report lost or stolen cards.
   - Offer a separate card for Authorized Representatives different from the card belonging to the recipient.

2. **Best Practices for EBT program administration** (see page 22):
   - Run the EBT program as a social welfare program designed to build familiarity with the banking system, rather than solely as a benefit transfer program.
   - Build strong relationships and good communication between state administrators and local welfare offices, retailers, advocates, and recipients.
   - Establish close working relationships between state administrators and the EBT vendor.

3. **Best Practices for training and program implementation** (see page 23):
   - Promote EBT use and increase buy-in through public relations campaigns and community education, even before EBT program implementation.
   - Offer community-sensitive training in multiple languages and identify those who need additional or customized training.
   - Allow recipients to practice on mock ATM and POS terminals.
   - Provide training opportunities on weekends and evenings, and on a walk-in basis.
   - Send written information to recipients about EBT before program implementation.
   - Establish formal and informal mechanisms for feedback from retailers, advocates, caseworkers, and recipients.
   - Monitor card non-use, especially during implementation, and follow-up with recipients who are not using their cards.

4. **Best Practices for the telephone helpline** (see page 26):
   - Offer toll-free phone lines for EBT recipients.
   - Set up the phone line so that recipients can get to a Customer Service Representative without punching in the 16-digit card number, to facilitate recipients reporting a lost or stolen card.
   - Establish and enforce busy signal and wait time policies with the vendor.
• Contract with a language translation service so that all recipients can use the helpline.
• Set up separate toll-free helplines for caseworkers and retailers with minimal waiting times.

5. Best Practices for EBT fees and systems (see page 28):
• Work with banks and retailers to offer minimal or no fees to access cash benefits.
• Work with banks to offer low-cost bank accounts for recipients.
• Offer and encourage voluntary direct deposit options.
• Provide easy and free opportunities for recipients to check their account balances.
• Allow recipients to use food stamps and cash benefits, or food stamps and currency, in the same transaction.
• Encourage the use of manual vouchers when computer systems fail.

6. Best Practices for access to ATM and POS machines (see page 30):
• Work with banks, ATM networks, and retailers to increase access to ATM and POS machines, especially low- and no-cost machines.
• Equip all grocery lanes to accept EBT.
• Clearly mark checkout lanes that accept EBT.
• Provide ways that recipients can easily access their benefits when they travel.
• Establish guidelines for the number of ATM and POS machines and their proximity to recipients, and track this information.
• Facilitate use of benefits at farmers’ markets.
• Allow recipients receiving small amounts of food stamps to save benefits without freezing or expunging the benefits.

7. Best Practices for dealing with card problems (see page 33):
• Write computer performance standards into vendor contracts.
• Encourage the use of manual vouchers when computers fail.
• Establish guidelines governing access to recipients’ electronic information.

8. Best Practices for EBT contracting (see page 34):
• Write detailed contracts with vendors establishing specific policies in all areas.
• When switching vendors, make transitions as seamless as possible.
Reasons for Recommending these Best Practices

The best practices in this report are those EBT practices which provide, individually and in the aggregate, the most convenient, flexible and efficient system for recipients. In addition, the benefits of incorporating consumer-oriented best practices extend well beyond specific benefit issuance costs and savings. The recommendation to incorporate all of the best practices is based on the following considerations:

- These best practices will introduce and help integrate recipients into the conventional banking system. If recipients have access to low-fee bank accounts, direct deposit and written account statements, they will have a new opportunity to learn how to use mainstream banking practices to manage their finances more efficiently.
- EBT practices which increase recipient convenience will give recipients more time and flexibility to focus on activities which may help them to eventually achieve independence from public benefits.
- Some of the best practices discussed have very small additional costs.
- Recipients who are disabled or elderly require all possible advantages of convenience, flexibility and efficiency.
- Implementing these best practices could encourage more eligible households to apply for food stamp benefits.
- Implementing statewide policies which value customer service may improve the quality of local welfare office service.

Conclusion

EBT is a permanent change in the way food stamps and cash public assistance are delivered. The design and implementation of EBT determines whether it has a positive or a negative impact on public assistance recipients. EBT has the potential to reduce the stigma of paper food coupons, and to provide familiarity with the technology used in the traditional banking system. However, these benefits must be designed into state EBT systems. The best practices identified in this report are crucial steps to building and maintaining EBT systems that offer public assistance recipients – who are the ultimate consumers of EBT – dignity, independence, low cost, convenience, and familiarity with the banking system.
II Introduction

A. Purpose and Motivation for the Report

The days of receiving paper food stamp coupons and welfare benefits checks in the mail are over for many welfare recipients in the United States. The paper system is gradually being replaced by an electronic benefit transfer system (EBT). Federal and state agencies issue benefits electronically and recipients access their benefits by using a debit card and personal identification number from point of sale (POS) machines in grocery stores or other types of stores and from automated teller machines (ATMs).

As part of the 1996 federal welfare restructuring, federal law mandated that all states implement an EBT system for distribution of food stamp benefits by October 2002. Many states have taken the initiative to combine other cash assistance payments into one electronic system. Federal and state governments foresee large potential cost savings from the use of EBT by reducing the administrative, handling and mailing costs of delivering benefits and by making fraud detection easier. Furthermore, once the system is established for distribution of one type of benefit, extending it to other benefits can be done relatively easily and cheaply.

Most states currently have an EBT system in operation statewide or at least in some counties (Appendix I). EBT programs differ greatly from state to state and sometimes from county to county. Many of the differences in program characteristics may be in response to recipient demographics and the distribution of recipients across the state. However, many other differences may be attributed to how aggressively the private EBT vendor and the state have pursued cost saving measures, the management style of the EBT project directors and their staffs, and the effectiveness of communication between the different stakeholders. Therefore, how well recipients have fared from the change over to EBT has depended in large part on where they reside.

California has yet to implement an EBT program statewide. The state government issued an Invitation to Partner (ITP) (the state's request for bids from private vendors to design and run the EBT system) in 1999. The state is scheduled to award the contract early in 2001. California has had EBT food stamp pilot programs in San Bernardino and San Diego counties run by a single vendor since 1998. Using the information from these two pilot programs, as well as information from nine of the many other states that have fully
operational EBT programs statewide, this report documents some of the different customer service practices being used.

Although cost cutting was a primary driving force behind the move to EBT, there are many other benefits that an EBT system could potentially provide. Some of these other potential benefits are listed in Table 1.

<table>
<thead>
<tr>
<th>Table 1. Potential Benefits of EBT</th>
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<tr>
<td><strong>To Recipients</strong></td>
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<tr>
<td>Reduces the stigma associated with food stamp</td>
</tr>
<tr>
<td>Increases the speed and efficiency of transactions at checkout</td>
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<tr>
<td>For recipients who currently use check cashing services, EBT potential to reduce the fees they pay to access cash</td>
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<tr>
<td>Allows recipients to make incremental withdrawals against accounts.</td>
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<tr>
<td>Provides recipients with a point of entry into the mainstream system.</td>
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<tr>
<td>The benefits on a lost or stolen EBT card cannot be anyone who does not know or guess the card PIN</td>
</tr>
<tr>
<td>Eliminates the problem of checks and food stamp coupons stolen from</td>
</tr>
<tr>
<td><strong>To Taxpayers</strong></td>
</tr>
<tr>
<td>Gives greater assurance food stamp benefits will be used for purchases</td>
</tr>
<tr>
<td>Improves tracking and detection of retailer</td>
</tr>
<tr>
<td><strong>To Federal Government</strong></td>
</tr>
<tr>
<td>Reduces the cost for food coupon printing, mailing and</td>
</tr>
<tr>
<td>Increases the efficiency of the benefit delivery</td>
</tr>
<tr>
<td><strong>To County and State Governments</strong></td>
</tr>
<tr>
<td>Improves tracking and detection of retailer</td>
</tr>
<tr>
<td>Reduces the handling costs to</td>
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Most welfare advocates acknowledge that the move towards an electronic delivery system is inevitable and may deliver many potential benefits to recipients. However, advocates also caution that if the EBT system is not properly designed, it could create a number of new problems for recipients. Some of these potential problems are listed in Table 2.
B. Historical Overview

1. History of EBT and Food Stamps

A federal EBT task force was established as part of the National Performance Review in September 1993. The task force was responsible for assessing the feasibility of a national EBT program. In May 1994, the task force recommended the development of a nationwide EBT system. Two years later the federal government passed the “Personal Responsibility and Work Opportunity Reconciliation Act” (Pub. L. No. 104-193). The Act mandated that all states convert food stamp benefits from paper coupons to electronic benefit transfer systems by October 1, 2002. USDA expects printing of food stamp coupons will cease sometime after this date. (NACHA, 1999).

Even before this Act was passed, several states had been using EBT for distribution of some benefits. Pennsylvania began operating the first EBT demonstration project in 1984 in Reading. Maryland was the first state to implement an EBT system statewide, in April 1993. New Mexico, South Carolina, and Texas followed in 1995.

Although the federal act only applies to food stamp benefit distribution, many states also distribute some of their cash benefits using the EBT system. A 1996 report noted that “federal and state agencies transfer almost $500 billion in benefits to recipients each year. This includes cash benefits, food stamps, social security and other benefit payments. Almost 70% of these payments were paper based.” (Humphrey, 1996).

The food stamp program, administered by the U.S. Department of Agriculture’s (USDA) Food and Nutrition Service, is the largest food assistance program in the country. It helps low-income individuals and families purchase nutritious food items by providing them with food stamps, which are used to purchase food at participating retailers. The program serves as a safety net for those who qualify, ensuring that they have access to a healthy diet to support their nutritional needs.

### Table 2. Potential EBT Problems

<table>
<thead>
<tr>
<th>For Recipients</th>
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<tr>
<td>Increases the cost for recipients to access their benefits.</td>
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<tr>
<td>Reduces the number of stores where food stamp recipients may shop.</td>
</tr>
<tr>
<td>Reduces recipient mobility by limiting access to their benefits out of state.</td>
</tr>
<tr>
<td>Creates privacy concerns because the government can track where recipients are accessing their benefits.</td>
</tr>
<tr>
<td>Creates major obstacles and reduces the financial independence of some disabled, elderly and homebound recipients.</td>
</tr>
<tr>
<td>Provides less protection for lost or stolen benefits than that given to private banking customers holding debit cards.</td>
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</table>
country. In fiscal year 1996, 25.5 million persons were served and $22.5 billion in benefits were distributed. The caseload decreased by approximately 24% from 1995 to 1998, with $16.9 billion dollars in food stamp benefits being issued in fiscal year 1998. (AFDC, 1998).

Historically food stamp benefits were distributed as paper coupons and cash benefits as checks. These were sent to recipients through the mail, or were collected by recipients from local social service offices. In addition to all of the administrative costs of this delivery system, the process also involved the cost of printing, mailing and destroying food stamps and benefit checks. The Food and Nutrition Service of the USDA reported that the federal government spent $45 million dollars to print, mail and destroy food stamps in 1997 alone. (NACHA, 1999).

Increasingly, cash benefits are being distributed through direct deposit into personal checking accounts. While this is feasible for some cash benefit payments, such as Social Security payments, where 58% of all recipients have a checking or savings account, it is not as easy to do for other benefit programs where the majority of recipients do not have any sort of bank account. “For households receiving AFDC (replaced with TANF after the 1996 welfare reform), general assistance or food stamps, almost 75% of recipients do not have a bank account.” (Humphrey, 1996). Although some states are addressing this issue by encouraging and in some instances legislating that banks provide low cost bank accounts, there will continue to be some recipients who do not have bank accounts. In addition to acting as an electronic delivery system for food stamps, EBT can be a mechanism to provide electronic delivery of cash benefits to recipients who do not have bank accounts.

2. Current Status

The USDA reported that as of October 1999, thirty-eight states and the District of Columbia had operational food stamp EBT systems in place (Appendix I). Thirty-three of these are operational statewide. The remainder are either in the process of rolling out statewide or are only operational in some counties. The authors studied programs in ten states.

California is one of the last states to implement an EBT system statewide. The state issued an Invitation to Partner (ITP) for a statewide EBT program in August 1999 and is scheduled to award a contract early in 2001. Some excerpts from the California ITP have been included in Appendix VIII.

3. Description of How an EBT System Works

Once the state has verified that a recipient is eligible for welfare benefits, an EBT card is issued in the participant’s name which permits the recipient to draw upon the benefits which are deposited in an account to be accessed using the EBT card. A plastic card similar to a bank debit card is issued. The recipient uses a PIN (Personal
Identification Number) number to access the benefits from ATMs or retail POS machines. Many states allow recipients to choose their own PIN number.

Recipients withdraw their cash benefits from ATMs or POS machines and purchase their groceries using their food stamp benefits at POS machines. Some states, such as Texas, do not offer ATM access, so they require that all cash benefit withdrawals be made from POS machines. The key difference between ATM and POS machines is that ATM machines (automated teller machines) are unstaffed machines which disburse cash. POS (point of sale) machines process the electronic portion of a purchase but require the use of a cash drawer and a live checker or other employee to dispense cash. POS machines are commonly found in retail stores, including grocery stores.

Two different types of card technologies are currently in use, magnetic stripe cards and smart cards. All of the states except Wyoming and Ohio are currently using magnetic stripe cards. Some states are exploring a hybrid card that will provide some benefits using the magnetic stripe, while an embedded chip will be used to provide other benefits.

The magnetic stripe card works when the recipient swipes the EBT card through a retail POS machine or an ATM. The recipient enters a PIN number; the processor verifies the PIN number and the availability of benefits through a host computer and sends an authorization or a denial back to the retailer or ATM. (FNS, 2000). ATMs and POS machines that currently provide access to regular debit and credit cards can also be set up to accept EBT magnetic stripe cards.

Smart cards have an embedded microprocessor chip. The chip is programmed to store the recipient’s details, including benefit balances. In these systems, the transaction is authorized between the chip in the card and the POS device. The chip verifies the PIN and debits the stored value at the time of each transaction. There is no online communication with a host computer during the transaction. (FNS, 2000). This system requires special devices.

Federal law requires that all food stamp transactions be free of charge to the recipient. However, federal law does not prevent fees for ATM and POS cash withdrawals and for balance inquiries made at an ATM or a POS. Although fees differ from state to state, most states offer a fixed number of free cash withdrawals from specified ATMs and from POS machines. A fee is then charged for each additional withdrawal and for any withdrawals at locations other than those designated as free. Some states also permit a fee for account balance inquiries made at an ATM or a POS.

Several state alliances have formed. The alliances increase states’ bargaining power with vendors, may enable recipients to access their cash benefits and food stamps in neighboring states, capitalize on economies of scale and coordinate fraud prevention. These include the Atlantic Regional Coalition Alliance, the Southern Alliance of States, the Northeast Coalition of States and the Western States EBT Alliance. In
addition, North and South Dakota awarded a two-state contract for joint EBT systems. States can also achieve interoperability by agreeing to adopt the Quest® Operating Rules. (Cates, 1998). As of September 1999, twenty-eight states had Quest® membership. (DHR, 2000).

Recipient in-person training is generally offered at the social services office for anyone who requests it, and in some states, is compulsory for all new recipients. The training tends to consist of a trainer, a video and in some instances a mock ATM and POS keypad on which recipients can practice. Some states omit the trainer and merely show a video. Other states give recipients the option to have all training material mailed to them.

Account balances usually are shown at the end of the POS transaction receipt and at ATMs. A recipient may also call the phone helpline for an account balance or to hear the last ten transactions (the number differs depending on the state). Some states also offer recipients the option to have a transaction history mailed to them free of charge.

Besides providing account balances, recipients can call the phone helpline to report lost or stolen cards. To access the phone helpline some states require the recipient to dial in the 16-digit card primary account number. Recipients may then choose between getting information via the automated system or by speaking to a customer service representative.

Most EBT contracts specify minimum standards for computer system performance. When a retailer’s system is unable to connect to the EBT vendor’s system during a food stamp transaction, the retailer can use a manual voucher to perform the transaction. The retailer calls the vendor’s customer service number to receive authorization that there is sufficient money in the account and to have the transaction amount frozen. The retailer submits a copy of the voucher to the vendor for reimbursement. If telephone authorization is not performed and there are insufficient benefits in the recipient’s account to cover the transaction, the retailer is liable for the full transaction amount. The manual voucher can also be used in farmers’ markets where the retailers do not have POS machines.

Federal law mandates that all states use EBT for their food stamp benefit distribution by October 2002. However, states and (in some instances) counties choose whether they also want to use EBT for issuance of cash benefits. The state laws and customs in each state determine whether the EBT program is state-administered, or state-supervised and county-administered. In states where the EBT program is state-administered, the state government decides which benefits will be included as part of the EBT system. In states where the EBT program is county-administered, each county chooses what benefits to include in its EBT system.
This study focuses on eight customer service areas of an EBT system. These areas have been documented in Tables 3 to 10. Under each customer service area, the report lists practices that if implemented will provide the most convenient, flexible, and low-cost EBT system for recipients. Furthermore, these practices would promote recipient independence and recipient integration into the mainstream banking economy. Many of the practices listed are best practices and are discussed in the best practices section.

In deciding what practices to include, it was evident that there were some tradeoffs that needed to be made. A flexible EBT system that offers recipients a wide range of options is desirable; however, it will also be more complex and difficult for recipients and administrators to learn. For example, is it a better practice to require all recipients to physically come into the social service office to select their PIN number or is it a better practice to simply send a preassigned number in the mail and require a recipient who wishes to change his or her PIN to contact the county to choose a new PIN number? Where faced with these tradeoffs, this report chooses the practice that gives recipients the most choice.

The following tables summarize the best practices for EBT:

- **Card Customer Service Practices**, Table 3
- **Customer Service Practices for Access to Cash Benefits from ATMs**, Table 4
- **Customer Service Practices for Access to Benefits from POS**, Table 5
- **Telephone Customer Service Practices**, Table 6
- **Training Customer Service Practices**, Table 7
- **System Reliability**, Table 8
- **Account Information and Benefits**, Table 9
- **Communication**, Table 10
### Card Customer Service Practices

<table>
<thead>
<tr>
<th>Customer Service Feature - Card</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ease of use</strong></td>
<td>Recipients get to choose their own PIN number.</td>
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</tbody>
</table>
| **Disabled and homebound**     | A re identified and have training material mailed to them.  
                                    Can choose their PIN number by phone.  
                                    A re offered a separate card for an Authorized  
                                    Representative (AR) different from the card belonging to  
                                    the recipient.  Recipient telephones the helpline to  
                                    transfer benefits to the AR’s card.  
                                    If paper food stamp coupons give a recipient greater  
                                    financial independence than an AR, the recipient may  
                                    choose to receive food stamp benefits in coupon form.  
                                    The system and services meet the applicable standards of  
                                    the Americans with Disabilities Act (ADA). |
| **Protection against fraud**    | **and theft**  
                                    Recipients are given the choice of activating the card and  
                                    choosing a PIN number in person at the social services  
                                    office or by phone.  
                                    Live cards should not be mailed.  
                                    If the EBT card is mailed, the PIN number is not mailed  
                                    with it.  
                                    Cards feature electronic signature of recipient. |
| **Lost or stolen cards**        | Replacements for lost or stolen cards are issued every day  
                                    in person at each local social services office and can also  
                                    be mailed on request.  
                                    Cards are replaced at no charge. |
| **Privacy**                     | Information recorded is restricted to where and when a  
                                    transaction was performed and to transaction totals only.  
                                    There are rules dictating who has access to account  
                                    information and what it can be used for. |
## Customer Service Practices for Access to Cash Benefits from ATMs

<table>
<thead>
<tr>
<th>Customer Service Feature - ATMs and Access To Cash Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ATMs</strong></td>
</tr>
<tr>
<td><strong>ATM transaction fees</strong></td>
</tr>
<tr>
<td><strong>Out of state travel</strong></td>
</tr>
<tr>
<td><strong>Accessibility to ATMs</strong></td>
</tr>
<tr>
<td><strong>Banking</strong></td>
</tr>
</tbody>
</table>
### Customer Service Practices for Access to Benefits from POS

<table>
<thead>
<tr>
<th>Customer Service Feature - POS And Access To All Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase transaction</td>
</tr>
<tr>
<td>Stores</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Checkout lanes</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Fees</td>
</tr>
<tr>
<td>Account balances</td>
</tr>
<tr>
<td>Other locations</td>
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<tr>
<td></td>
</tr>
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<td></td>
</tr>
</tbody>
</table>

### Telephone Customer Service Practices

<table>
<thead>
<tr>
<th>Customer Service Feature - Telephone Customer Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services offered</td>
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<tr>
<td></td>
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<td></td>
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<tr>
<td></td>
</tr>
<tr>
<td>Cost</td>
</tr>
<tr>
<td>Administrators and Retailers</td>
</tr>
<tr>
<td>Ease of use</td>
</tr>
</tbody>
</table>
### **Table 7. Training Customer Service Practices**

<table>
<thead>
<tr>
<th>Customer Service Feature: Training</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Accessibility</strong></td>
</tr>
<tr>
<td>Training is offered for those who want it.</td>
</tr>
<tr>
<td>Weekend, evening and regular work hours sessions are available. Training is available on a walk-in basis (no appointment required).</td>
</tr>
<tr>
<td>Recipients with unused benefits are contacted to see if they require additional training.</td>
</tr>
<tr>
<td><strong>Effectiveness</strong></td>
</tr>
<tr>
<td>Practice is offered on mock ATM keypad and mock POS machines.</td>
</tr>
<tr>
<td>Trainers are available to answer questions.</td>
</tr>
<tr>
<td>Training is offered in multiple languages.</td>
</tr>
<tr>
<td>People conducting training are culturally sensitive.</td>
</tr>
<tr>
<td>Training material is easy to understand at a sixth grade education and reading level.</td>
</tr>
<tr>
<td>Training is offered at many different locations including welfare offices, community centers, shelters and food banks.</td>
</tr>
<tr>
<td><strong>Disabled and homebound</strong></td>
</tr>
<tr>
<td>Are identified and special training is offered.</td>
</tr>
<tr>
<td><strong>Staff and merchants</strong></td>
</tr>
<tr>
<td>State and county staff are trained.</td>
</tr>
<tr>
<td>Training is available to merchants.</td>
</tr>
</tbody>
</table>

### **Table 8. System Reliability**

<table>
<thead>
<tr>
<th>Customer Service Feature: System Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Break downs</strong></td>
</tr>
<tr>
<td>Contract specifies the maximum number of times the EBT computer system is allowed to break down and a penalty is charged if the allowable number is exceeded.</td>
</tr>
<tr>
<td>The retailers' and recipients' phone connection, POS machines and all other components of the EBT system rarely break down.</td>
</tr>
<tr>
<td><strong>Backup system</strong></td>
</tr>
<tr>
<td>Manual vouchers are available for retailers to use when the EBT system breaks down.</td>
</tr>
<tr>
<td>The manual voucher system is easy to use and quick to fill out. The retailer gets credited promptly.</td>
</tr>
<tr>
<td>There is a computer backup system.</td>
</tr>
</tbody>
</table>
### Table 9. Account Information and Benefits

<table>
<thead>
<tr>
<th>Customer Service Feature - Account Information and Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Account Information</strong></td>
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<tr>
<td></td>
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<td></td>
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<tr>
<td></td>
</tr>
<tr>
<td><strong>Moving benefits off-line or expunging them</strong></td>
</tr>
</tbody>
</table>

### Table 10. Communication

<table>
<thead>
<tr>
<th>Customer Service Feature - Communication</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Between stakeholders</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Outreach and public relations programs</strong></td>
</tr>
</tbody>
</table>
IV. Findings

A. Methodology

1. Goals

This report examines how EBT has been implemented in nine states and two California counties. In particular, the report examines the impact of various implementation frameworks on EBT clients. It investigates the implementation outcomes in each state or county, and developed eight criteria to evaluate the outcomes. More specifically, the report identifies the major challenges, successes and failures of each state or county’s implementation, and attempts to determine the causes of the various outcomes.

Among the successful practices found in the states, the report has labeled some as “best practices.” These best practices provide better outcomes than alternative practices, yet are no more expensive or time-consuming than the alternatives. More than cost-effective, these practices offer benefits beyond the intended client or administrative area. The report recommends that these practices be considered in all states, and outlines specific suggestions for implementation in California.

2. Methodology

Bearing in mind the goals of the report outlined above, the authors faced the following methodology issues:

2.1 Measuring Consumer Satisfaction

How can consumer satisfaction among EBT clients be measured? The scale of this project and the geographic dispersion of the states prohibited the authors from administering a consumer satisfaction survey to a representative sample of EBT clients in ten states. Instead, the report assumes for purposes of this report that EBT clients are more satisfied when an EBT system produces outcomes which successfully fulfill more of the criteria.
2.2 Determining EBT “Success”

Although some reports have used cost-effectiveness to determine the degree of success of specific EBT administrative programs or policies (Phoenix, 1999), that method was not used for this report. This is because in some cases the state and vendor financial data has not been compiled, and in other cases the information is regarded as confidential, and will not be released. In addition, since EBT administrative programs are often part of larger comprehensive social service agencies, many of the EBT-specific program costs are integrated into the larger agency budget. Isolating the EBT costs may require extrapolation and approximation from a larger budget.

As an alternative to cost-effective measurement, the report considers an EBT program’s “success” according to our customer satisfaction criteria. The report does not compare the overall success of the states’ EBT programs, because some of the criteria may be weighted differently across the states. For example, in a state with proportionately more recipients who do not speak English, the helpline language services will be more important than in another state with more English-speaking recipients.

3. States Studied

EBT implementation was studied in the following states:

- Florida
- Illinois
- Maryland
- Massachusetts
- New Jersey
- New York
- Texas
- Washington
- Wisconsin

In addition, the EBT pilot programs in these counties were studied:

- San Bernardino County, California
- San Diego County, California

3.1 Why Were These States Chosen?

Most of these states were chosen because they were similar to California in population size and demographics. California has many immigrant and non-English speaking recipients, as do Florida, Illinois, New Jersey, New York, Texas and Washington.
Although no state is as populous as California, these states have relatively large overall populations as well as large recipient populations. In addition, Washington, Wisconsin and Massachusetts have an urban/rural mix, as does California. Finally, Maryland was chosen because it was the first to implement a statewide EBT program, and we hoped to gain information from their long timeframe of experience.

4. Data

The data for this report came primarily from written questionnaires completed by EBT program directors, followed up by telephone interviews with those directors. The authors also performed telephone interviews with consumer advocates in each state or county.

The written questionnaires (see Appendix IV for questionnaire) sought information on the range and quality of services provided to recipients, the state costs and the vendor contract renewal timeline. The questionnaire format included multiple choice, short answer and numerical answers. The answers to these questions provide a “snapshot” of the EBT program’s services, costs and implementation history. Nine of the ten EBT program directors (all except Maryland) completed the written questionnaire.

The telephone interviews (see Appendix V for interview questions) used a standard list of questions which sought information on the qualitative and quantitative outcomes of the state or county’s practices. The questions were open-ended, and the interviewers used standard and ad hoc follow-up questions to explore complex or unanticipated issues. The interviewers also used the telephone interviews to follow up on unusual or interesting responses on the written questionnaire. Ten EBT program directors participated in a telephone interview.

Some of the questions asked during the EBT director telephone interviews were subjective, so we asked the same questions of state welfare advocates (see Appendix VI for interview questions, and Appendix IX for a list of advocacy groups). These advocates had represented the interests of recipients in negotiations with the states during EBT planning and implementation, and many continued to be involved in efforts to modify the EBT system in their states, using legislation, advocacy for individual cases and meetings with state officials. A telephone interview was conducted with a welfare advocate from each state with an EBT program included in the study. The responses of the advocates were compared to the responses of the EBT directors, and the responses which were most similar among advocates and directors were given greater weight in the evaluation.

Additional data on EBT regulations, implementation and cost-effectiveness came from other research studies. In particular, Texas conducted an extensive cost-benefit analysis of that state’s EBT implementation. Additional secondary sources include USDA reports, newspaper articles and advocate reports.
B. State Practices

The individual responses of EBT directors to the questionnaires are detailed in Appendix X. Summaries of the results for each state, compiled from the questionnaires, interviews and other secondary sources, are described in Appendix VII. This section highlights the key aggregate findings among these ten EBT programs.

1. Questionnaire Results

1.1 Similarities among EBT Programs

- Of the eight programs which provide cash benefits via EBT, only one, Texas, does not allow cardholders to access their benefits through ATM machines.
- Five of the seven programs which allow ATM access provide the same fee structure- 2 free withdrawals allowed per benefit period and an $0.85 surcharge for each additional ATM withdrawal.
- Eight of ten programs offer multiple benefits on EBT cards. Six programs provide a wide range of benefits beyond food stamps and TANF, such as SSI/Disability, Child Support, Refugee Assistance and childcare reimbursements.
- Programs do not charge for POS transactions, but may allow retailers to impose fees for cash withdrawals, particularly for cash withdrawals without a purchase.
- All programs except Washington have at least one in-state ATM network which does not charge recipients a bank fee separate from the EBT vendor’s fee.
- All programs offered in-person training during rollout, although some programs discontinued in-person training after rollout. Most programs offered training during normal business hours only, but Wisconsin offers evening-hour training.
- All states offered training in at least English and Spanish. Wisconsin offers training in seven languages, and Washington in twenty languages, with additional languages available upon request.
- Training information was mailed in a variety of languages in most states. The number of languages ranged from two in Texas to twenty in Washington.
- Programs allowed recipients to convert EBT benefits to food stamp coupons for travel.
- Eight programs reported that their computer systems rarely or have never gone down.
- Computer downtime for all programs diminishes after initial rollout.
- Seven programs provide a telephone helpline in only two languages, English and Spanish. Three programs contract with ATT Call Center, which can provide service in any language.
- Programs offer a 24-hour helpline, and seven have a customer busy signal policy.
- In most programs, food stamp and cash benefit caseloads have declined since the initial vendor contract was negotiated.
1.2 Differences between EBT Programs

- There was variation among programs regarding whether every grocery checkout line was equipped with POS. Four programs indicated that all checkout lines were POS equipped, but other programs indicated that the store equipment depended on food stamp redemption levels and USDA policies.

- Three programs do not offer multiple EBT cards per household, though some of these states offered separate EBT cards for Authorized Representatives of beneficiaries.

- Programs varied in the type of practice equipment offered during training. Some states offered no mock ATM or POS equipment, others offered a mock keypad only, and some offered full-size practice ATMs.

- There was tremendous variation in card replacement policies among programs. Replacements were provided through the mail or in-person, with mail responses ranging from one to five days. Some states required a phone call to the helpline and a visit to a benefits office.

- Unused cash benefits are frozen after one year in half of the programs, and after 90 days in the other programs. USDA food stamp regulations specify that food stamps must be available for nine months, though some programs keep the food stamp benefits available for one year.

- Average waiting time for a live helpline operator ranged from a few seconds to over two minutes. Some helpline systems are better able to meet peak demand than others.

- There was great variety in the size of the food stamp and cash benefit programs we surveyed. Tables 11 and 12 detail the dimensions of the programs.

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**Table 11. EBT Costs per Case Month by State**

<table>
<thead>
<tr>
<th>State</th>
<th>EBT Cost per Case Month per Food Stamp Client</th>
<th>EBT Cost per Case Month per Cash Benefit Client</th>
</tr>
</thead>
<tbody>
<tr>
<td>California Pilot-San Bernardino</td>
<td>$1.39</td>
<td>N/A</td>
</tr>
<tr>
<td>Florida</td>
<td>$1.09</td>
<td>$0.78</td>
</tr>
<tr>
<td>Illinois</td>
<td>$2.002</td>
<td>$2.002</td>
</tr>
<tr>
<td>Maryland</td>
<td>[Refused]</td>
<td>[Refused]</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>$1.232</td>
<td>$1.538</td>
</tr>
<tr>
<td>New Jersey</td>
<td>$1.749</td>
<td>$0.87</td>
</tr>
<tr>
<td>New York</td>
<td>$1.23</td>
<td>$1.53</td>
</tr>
<tr>
<td>Texas</td>
<td>$2.00</td>
<td>$0.97</td>
</tr>
<tr>
<td>Washington</td>
<td>$1.47</td>
<td>$1.29</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>Varies by caseload</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Table 11 Notes:
1. Some states did not incorporate initial startup costs into their costs per case month; therefore these figures may not be consistent across states.
2. Wisconsin and the California pilot studied do not distribute cash benefits via EBT.
2. Interview Results

2.1 Similarities among EBT Programs

In general, advocates agree that recipients generally prefer to receive food stamps via EBT instead of paper coupons. Although there is clearly a learning curve for recipients to understand how to use a POS machine, EBT programs monitor unused food stamp levels to determine resident understanding of EBT technology. Many programs reported fewer unused EBT food stamps than paper food stamps.

In general, it is not clear that EBT for cash benefits is working as well as EBT for food stamps. Each program faces particular geographic or demographic challenges, and most programs still have not resolved all of the banking, equity and logistical issues of implementing cash benefits through EBT.
For all EBT programs, administrative structure and management philosophy are clearly related to the degree of agreement, communication and cooperation among the state, recipients, the EBT vendor, merchants and advocates.

2.2 Differences between EBT Programs

- Agreement and cooperation between consumer advocates and program directors varied. In some states, such as Florida, the advocate and the director had a high degree of agreement on the level of success for the state's EBT program. In Illinois and Wisconsin, however, the consumer advocates and the state directors had very different perceptions of the degree of success of the state's EBT program.

- The administrative structure of the EBT programs fell into two distinct categories, based on the state's pre-existing welfare structure: 1) programs which are state-supervised but locally-administered, and 2) programs which are both state-supervised and-administered. The administrative structure seems to directly affect the level of convenience for recipients, as a more complex bureaucracy leads to more steps in many procedures, such as replacing a lost card. In addition, when policy decisions are made, locally-administered programs must include an additional interest group in the decision-making process. This increases the length of time needed for policy changes, and makes policy change more difficult.

- Some programs are comfortable with their current system, and plan no significant changes. Other programs plan various modifications to their programs in the near future. Although many of the planned changes are related to the completion of rollout, some changes seem to be stimulated by a program administrative philosophy which strives for continual improvement.

- Finally, our interviews showed that what works for one program does not necessarily work as well in any other program. Each program's unique demography, banking and financial structure, administrative philosophy and bureaucratic structure influence the outcome of EBT implementation just as much as the specific program details on issues such as fees, training and helpline.

C. Best Practices

1. Overview

Having examined the results of the written surveys and telephone interviews, the report moves to drawing conclusions from the data. “Best practices” analysis is controversial for a variety of reasons. How can one decide what really is a “best practice?” How does one know if what works in one state will work as well in another state? What are the critical elements of the practice that must be replicated, and which parts are unnecessary? Finally, how much of the success of a practice is dependent on the people and the environment of the project, and how much can be attributed to the practice itself?
These are important questions that cannot be answered completely by the research. The authors have found a variety of practices in use by most, if not all, states that are best practices that all states should use. An example of this is providing a toll-free helpline for use by EBT cardholders. However, some practices are not clearly best practices, but they might be worth implementing. These may be good practices, or at least smart practices that states should consider implementing, but there has not been enough evaluation of the program for us to say definitively that they are best practices. These practices are categorized as “good ideas.” The final category of practices evaluated are innovative solutions which the authors are not sure will work, but wish to suggest the solution as an option. An example of this is Texas’ solution to the lack of EBT vendors: lacking what they believed to be a competitive bidding process, Texas broke up its contract in order to encourage other bidders. This might be a best practice, but it is too early to say, so this report calls this an “innovative solution.”

This report categorizes practices in eight primary areas that affect customer service, classifying practices as either best practices, good ideas, or innovative solutions.

2. Eight Primary Areas of Best Practices

2.1 Issuance of EBT Cards

States issue EBT cards either in person or by mail. It is a best practice to issue cards in person, at least whenever possible, because this reduces the likelihood of the card being stolen in the mail. If specifically requested, the state should mail the card to the recipient, but “live” cards that do not need activation should never be mailed. Similarly, EBT recipients should be able to select their own Personal Identification Numbers (PINs).

- Set up phone lines so that recipients can easily report lost or stolen cards.
- Offer a separate card for Authorized Representatives different from the card belonging to the recipient.

Interacting with the caseworker during the PIN activation process allows caseworkers to make sure the recipient knows how to use the card. If both the EBT card and the PIN are mailed, even in separate mailers, they are susceptible to theft.

Another theft-reducing practice is the decision of some states, such as Massachusetts, to put a picture of the recipient onto the EBT card. This makes card theft and card fraud much more difficult, and is a fairly inexpensive process. Some advocates, however, are
concerned that this may be stigmatizing if other debit cards do not have pictures, and it reduces the ability of recipients to send a caretaker or a child to the store.

Some EBT directors complain about the large number of lost or stolen cards. In Maryland, the EBT director reported that 5-6% of all cards are replaced every month. Texas had an expensive card loss problem, but said the problem was reduced through an information campaign teaching people that cards are just like money. EBT cards may also be reported as lost when in fact they are sold, although there is no accurate information on EBT card fraud. EBT cards will be lost, just as ATM and credit cards are lost in the general population, and there are many practices used to quickly report and replace the cards. Cards are to be frozen as soon as they are reported lost or compromised, which means that the recipient should still have access to the benefits that were not used, after a replacement card is received. A best practice in this area is a phone helpline that allows people to call in at any time of day to report a lost or stolen card. However, in at least one state, it is not possible to get into the phone system without entering the 16-digit account number on the card, which many people might not have if the card has been stolen. Therefore, phone systems should be designed so that there is another way to get into the system to speak to a Customer Service Representative (CSR).

In the California pilot program, EBT cards temporarily deactivate after three wrong PIN attempts, which helps to prevent the card’s use by a thief. Many states offer recipients a choice about how to replace their cards: they can either have the card mailed within three business days, or they can go in to a local welfare office to have the card immediately replaced. Offering this choice is a best practice. Many low-income people have very little in the way of a safety net, and may need a quick card replacement in order to buy food. A few states charge a fee for card replacement to cover their costs. In general, this does not seem to be a good practice, because welfare recipients do not have extra money to spend on penalties. Some argue for a fee as a deterrent if a recipient has lost several cards, however, some recipients may have mental and physical challenges that make a lost card understandable. Charging for lost or stolen cards is not a good practice.

Some welfare recipients will be unable to use the EBT card without certain accommodations, and federal law requires that EBT programs comply with the Americans with Disabilities Act (ADA). Most, if not all, states allow a disabled person to name an Authorized Representative (AR), a caretaker or relative who is able to use the EBT card to purchase groceries or withdraw funds for the cardholder. Some states reach out to disabled people to help them with EBT, while other states are much less involved.
Some of the best practices on this issue include:

- Florida offers a separate card for Authorized Representatives, which offers limited access to the recipient’s benefits. Florida also actively monitors ARs in order to prevent fraud or abuse.

- New Jersey identifies all housebound recipients and informs them about the AR option.

- During implementation, caseworkers in Wisconsin maintain a list of people who have not been trained, and make phone calls to encourage people to come in for training. When they speak to a disabled or homebound person, the caseworker travels to the person’s house to provide training, and they activate the card and select the PIN from the recipient’s home.

There is great variation among states in allowing or not allowing multiple cards per household. Multiple cards make sense for Authorized Representatives and might also make sense where the family is large or there is more than one shopper.

Not all advocates support the AR option, and many prefer that the state offer an option for people to “opt out” of the EBT program. In a few states, such as Wisconsin, this is available although not encouraged. In Illinois, a mentally disabled woman successfully sued the state to be able to continue using food stamp coupons, because she argued that she was self-sufficient with the coupon program but had to name an AR under EBT, which made her more dependent. The judge ordered the state to provide her with food stamp coupons. With the end of food stamp coupons expected in 2002, it is unclear how states could provide alternatives to the AR process, but it is likely that advocates will push for something that promotes the independence of disabled people.

2.2 EBT Program Administration

Good management is clearly a best practice that, while hard to create, leads to wide-ranging improvements in an EBT program. In the research, the authors frequently came across identical practices that seemed to work well in one state but poorly in another, and the only factor that separated the two programs was the degree of communication, cooperation, and coordination in program administration. Certain states, most notably Florida, have an enthusiastic management team that stresses low staff turnover and good employee training. Employees are committed to their work and see the EBT program as a positive way to improve the lives of welfare recipients. In other states, the
program is administered by people who see EBT as a way to distribute funds rather than as a social welfare program. These administrators, frequently bankers themselves, are less interested in the ways that EBT can improve lives and integrate welfare recipients into the mainstream economy, and focus instead on providing the required services. While many of these programs are operated efficiently, they are much less open to innovation. The Florida EBT program, and others run as social service programs, offer more innovation and demonstrate the socially beneficial potential of EBT.

Another way that states distinguish themselves is in their relationships with the EBT vendor, the local welfare office, the counties, and EBT clients. In Washington state, a telephone hotline allows recipients to call state EBT administrators directly to make complaints. In Washington and some other states, EBT directors frequently talk to recipients, which gives them a better idea of problems with the card. States also vary in their communication with local welfare offices and counties. It is a best practice that states carry on regular communication and ongoing monitoring with local welfare offices, especially during program implementation, so that all offices have uniform practices and policies. While some offices provide special services, such as language translation for a certain population within the office’s service area, basic services such as training and card replacement should be uniformly provided. States such as California and New York, which run their welfare programs through counties, must have a good relationship with all counties. This is more easily said than done, and will be a major challenge for California as it implements its program statewide.

2.3 Training and EBT Program Implementation

Effective training programs ensure that recipients know how to access their benefits, and are vital to the success of the EBT program. While more and more people are becoming familiar with the use of ATM and POS machines, many welfare recipients still have less experience and will require training. This need is especially acute during EBT implementation, in order to ensure that people who currently receive food stamps and welfare checks will

<table>
<thead>
<tr>
<th>Best Practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promote EBT use and increase buy-in through public relations campaigns and community education, even before EBT program implementation.</td>
</tr>
<tr>
<td>Offer community-sensitive training in multiple languages and identify those who need additional or customized training.</td>
</tr>
<tr>
<td>Allow recipients to practice on mock ATM and POS terminals.</td>
</tr>
<tr>
<td>Provide training opportunities on weekends and evenings, and on a walk-in basis.</td>
</tr>
<tr>
<td>Establish formal and informal mechanisms for feedback from retailers, advocates, caseworkers, and recipients.</td>
</tr>
<tr>
<td>Monitor card non-use, especially during implementation, and follow-up with recipients who are not using the cards.</td>
</tr>
</tbody>
</table>
continue to receive benefits. Recipients who do not know how to use an EBT card may not be able to access benefits; and not accessing benefits may mean real hardship for recipients and their families.

The best practices in the area of training include promoting the use of EBT through a public information and community education campaign during the months leading up to EBT. In Washington, EBT program staff offered training to police officers, politicians, religious leaders, and community groups before the program rollout, so that they would understand the rules and encourage people to use their cards. Many states, including Wisconsin and Florida, offer training on EBT cards in food pantries, churches, and other places where low-income people might visit. Several state EBT directors stressed that buy-in from the entire community was essential to the success of the program.

Most states require that recipients be trained in the use of EBT cards, although in some states the training program is offered but not mandatory. Perhaps as EBT programs become more accepted and common, compulsory training will not be necessary, but most advocates and state directors think that the training serves an important purpose and want every recipient to attend.

One of the goals of EBT programs should be to get recipients into the system quickly so that they can use their benefits. Texas cites this as a strength of their program: they are able to screen and train a recipient in a short amount of time. In Massachusetts, when applicants come in to the welfare office, they immediately receive the training, an EBT card, and a PIN number. A few days later, the recipient receives a benefit decision letter and the EBT card is activated. This is an innovative solution because it gets people into the system quickly. However, it might lead to extra costs if people are found not to qualify after they have already been trained and received a card.

Typically training programs include watching a video, practicing on a mock terminal, and asking questions of caseworkers. It is a best practice to offer training in multiple languages, and, if possible, interpreters should be on hand. In Texas and Washington, caseworkers are frequently recruited because they speak a certain language. Local welfare offices should use caseworkers with language skills to answer questions. Also, many recipients will have a difficult time making a pre-scheduled appointment, so there should be plenty of walk-in hours and evening or weekend training sessions, to accommodate people who work or who have childcare or transportation problems. In California’s San Bernardino pilot program, caseworkers picked up recipients with childcare or transportation problems and drove them to the office for training. In Wisconsin, caseworkers frequently update their lists of people who have not been trained, so that they can call and encourage people to come in for training. When people are unable to come in, caseworkers drive to their homes and drive them to the local welfare office for training.
The quality of training varied greatly between the different states and counties. Some advocates and state directors are unimpressed by training done by vendors, and suggest that vendors should train caseworkers, but caseworkers should train clients. This seems like a good idea, since caseworkers are familiar with the clients and may relate better to them. Many advocates say that the training videos are too short and do not contain enough information on direct deposit options and low-cost bank accounts. Having this information available at local welfare offices is a good start, but is probably not proactive enough. Another best practice during training is allowing recipients to practice on mock ATM and POS terminals. This gives recipients experience punching in their PIN numbers in a less stressful environment than at the check-out stand or the bank.

Recipients in most states receive mailings at the time of, or just before, EBT program implementation. They also receive information at the training sessions. This information should be provided in multiple languages and in alternative formats for the blind and the hearing impaired. Advocates in particular like the wallet-size information cards for recipients and the posters that are hung in community centers. Most states also list important phone numbers and information on the back of the card itself, including a recommendation that recipients do not write their PIN numbers on their cards.

In addition to training welfare recipients, it is vital to provide training and outreach to retailers and their staff. When retailers are well-trained and support the program, they will offer assistance to recipients. For example, many retailers will help train a recipient who is unsure how to use the card. At the time of the initial EBT pilot programs in the late 1980's, many states whose programs failed cited lack of retailer support as the reason for the failure. If retailers do not support the program, they may not accept EBT card use, which restricts access to stores for recipients. States urged that all EBT programs should begin working with retailers at the earliest EBT planning stages. Special training should be offered to retailers, and programs should be designed to help retailers train their staff. For example, in many states retailers have low usage rates for manual vouchers. This may be due to a variety of reasons, but a key problem is that clerks do not know how to use manual vouchers. One advocate suggested providing stores with laminated instructions on the use of manual vouchers that could be posted near the check-out counter.

Another reason for states to work with retailers is to reduce retailer fraud. In some states, retailers have been accused of ringing through purchases and putting them on an EBT card, and paying recipients cash at 50% of the value of the goods. When states can prove retailer fraud, these retailers are banned from accepting EBT cards, which results in less access for honest recipients. Working with retailer trade groups and establishing good ties with retailers may reduce fraud.
State EBT programs should offer a forum for retailers, advocates, and recipients to respond to program changes and offer solutions to problems. This is done in a variety of different ways, including formal boards, task forces, and informal meetings. The best solutions include a formal forum for airing complaints, combined with a system for allowing advocates and retailers to work directly with state EBT directors when problems arise. For example, in Washington, advocates, retailers, and clients are all able to call state officials and speak directly to them about problems. This has been helpful for both the state and the advocates, and the communication goes both ways: state officials call advocates when they have questions as well. In Illinois, one advocate leader takes calls from other advocates, and relays them on to state officials. Because this advocate has established personal relationships with people at the state, she is respected and listened to by officials and advocates. Although some advocates are frustrated by formal boards, there should be at least some regular meeting time to address grievances and emerging issues.

2.4 EBT Telephone Helpline

Toll-free helplines are a necessary best practice for state EBT programs. There is a wide range of services provided on these phone lines. These services should be available 24 hours a day, seven days a week, at least to be able to deactivate a lost or stolen card, to get an account balance, and to get a recent transaction history. Many states have responded to advocate complaints that helplines only gave recipients 16 seconds to enter the 16 to 19 digit Primary Account Number. These states have lengthened the time allotted. When recipients get into the system, the computer typically gives the person an account balance. Although designed so that most people would hang up at that point, EBT directors are surprised that many recipients stay on the line to hear their account balance from a customer service representative. This unanticipated need for customer service representatives has led to long wait times. As mentioned earlier, phone systems should have a way of getting to a live person without dialing the full card number, so that people can report lost or stolen cards.

Many states offer additional programs on their phone lines. In some states, recipients can hear their last ten transactions, and in other states recipients can arrange to have

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**Best Practices**

- Offer toll-free phone lines for EBT recipients.
- Set up the phone line so that recipients can get to a Customer Service Representative without punching in the 16-digit card number, to facilitate recipients reporting a lost or stolen card.
- Establish and enforce busy signal and wait time policies with the vendor.
- Contract with a language translation service so that all recipients can use the helpline.
- Set up separate toll-free helplines for caseworkers and retailers with minimal waiting times.
transaction histories mailed to them. Some advocates report that both the phone and the mail options are not user friendly. Some advocates report that the mailed transaction histories are very difficult to read, and would be much better if they looked like typical bank statements. There are no states that regularly mail account balances, statements, or other account status to recipients.

States have reported problems with telephone wait times and busy signals. Most states recommend that specific policies be written into contracts with vendors. For example, there should be a “no busy signal” policy, and the helpline should connect 95-99% of calls to customer service representatives (CSRs) within a fixed number of minutes. Phone systems that tell people the time anticipated before speaking with a CSR are also recommended. In at least one state, advocates complained about poorly trained and rude CSRs who hung up on recipients. In that case, the state worked with the vendor to fire the rude CSRs and to offer more training for CSRs.

A best practice with respect to telephone helplines is to contract with the ATT Call Center or a similar translation service. When helplines that contract with a translation service have a caller who speaks virtually any language, the CSR patches in a translator. Washington and other states using this method are able to offer translation into virtually any language, at any time of the day.

In an effort to reduce costs, some states have joined consortia to provide EBT services. In many cases, phone lines for up to six states are operated jointly, and CSRs use different manuals to respond to clients in different states. While this may be an effective cost-saving practice, the downside is that states have a hard time making changes in the phone line policies because all of the states have to agree. For increased flexibility, states should contract for their own phone helplines.

States should also make certain that retailers and caseworkers have separate toll-free numbers to ensure a fast response. Retailers will be more likely to process manual vouchers if they can call them in to make sure recipients have the funds in their account, and caseworkers need fast access to recipients’ account information in order to provide services to recipients and resolve problems. In most states, there are separate phone lines for retailers and caseworkers, and states negotiate a separate contract item that guarantees short response times by the vendor.

2.5 EBT Fees and Systems Issues

Under federal regulations, it is illegal to charge for any food stamp transaction. However, states permit vendors and others to assess a variety of different charges on recipients of cash benefits. States are reluctant to offer unlimited ATM transactions because they claim that welfare recipients, at least when they first get their cards, tend to use the machines very frequently. Many states offer four free ATM transactions per
month to a recipient, and then allow the EBT vendor to charge fees after that. The key is in finding a balance so that recipients are not forced to take out hundreds of dollars at one time, which would pose a security risk. ATM charges can get high, because frequently there are charges from both the state’s EBT vendor and from the owner of the ATM. In most states, the vendor fee is $0.85 or $1.00, but there may also be a bank ATM surcharge of $1.50. These are charges that recipients did not face under the old welfare check system, so it seems unfair to add new charges without giving additional benefits.

States should work with the vendors and with the banks to reduce the costs of ATM withdrawals.

In many states, recipients can get cash back from their cash benefits at a POS machine at a grocery store. Many states allow grocery stores to charge recipients for receiving cash back, even though other customers are not charged for these services. In some states that do not allow charging, officials believe that retailers charge anyway.

Some states with cash benefit programs, such as Texas, do not provide access to ATM machines and rely entirely on POS machines. Access to ATM machines, and the limitations of systems that do not use ATMs, will be addressed in greater detail in the next section, but it is sufficient to say here that this is a bad practice because it reduces recipients’ access to the mainstream banking system. When recipients cannot use ATMs or have direct deposit, they are required to withdraw all of their cash from POS machines and physically take it to a bank if they want to have a bank account. Therefore, recipients may face withdrawal fees even when the money is placed into the recipient’s own bank account. This practice also increases security problems for welfare recipients.

All states offer free balance inquiries from the toll-free helpline, and also require a receipt detailing the benefits left in the account at the end of an ATM or POS transaction. However, recipients who use an ATM solely to get a balance inquiry will usually be charged for the service. One best practice, offered by Washington and Wisconsin, is to provide free POS machines to retailers at their customer service desks. This way, recipients can check their balances in the store for free before they shop. This benefits retailers because it does not hold up the checkout line when people buy

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**Best Practices**

- Work with banks and retailers to offer minimal or no fees to access cash benefits.
- Work with banks to offer low-cost bank accounts for recipients.
- Offer and encourage voluntary direct deposit options.
- Provide easy and free opportunities for recipients to check their account balances.
- Allow recipients to use food stamps and cash benefits, or food stamps and currency, in the same transaction.
- Encourage the use of manual vouchers when computer systems fail.
more than their available balance, and recipients like it because it can be embarrassing to have a transaction denied at the checkout stand.

A related problem is that some EBT programs deny a transaction if a person tries to overcharge their EBT account. For example, in Illinois, if the checker rings through $60 worth of groceries and the recipient has only $50 in food stamp benefits, rather than being allowed to pay $10 in cash, the entire transaction will be denied and the clerk will need to ring through the purchases again. It is a best practice to allow people to use both food stamp benefits and cash benefits in the same transaction. It is humiliating to have a purchase rejected, and this restriction may breed resentment towards recipients among store clerks. Also, it is nearly impossible for most people to add up the exact cost of their groceries before going to the cash register.

All states offer some form of manual voucher program when phone lines are down. This allows recipients to still purchase food. However, many advocates complain that merchants do not use manual vouchers often enough. This may be because merchants are liable, if the recipient does not have sufficient funds in the account and the merchant has not called to clear the transaction in advance. Training merchants and retailers to call the hotline would increase the use of manual vouchers.

A major area of concern for advocates is providing ways for recipients to open low-cost bank accounts and have their cash benefits deposited directly. This reduces ATM fees, increases safety, provides increased protection if the recipient’s card is lost or stolen, and also allows recipients to write checks instead of purchasing money orders. We strongly recommend that states work with banks to encourage the use of low-cost accounts. There are many thousands of recipients in each state, which offers a potentially lucrative market to banks if they are willing to work with low-income people. New Jersey and Massachusetts have been leaders in offering low-cost accounts. In Missouri, the state has actively encouraged people to sign up for direct deposit.

Working with banks is a very important best practice. Banks have the ability to offer free, or very inexpensive, ATM transactions, and to integrate welfare recipients into the banking system.

### 2.6 Access to ATM and POS Machines

It must be a top priority of state EBT directors to ensure that retailers and ATM networks offer services for recipients, especially in rural areas and low-income neighborhoods. If few retailers and ATM networks accept EBT cards, welfare recipients will be at a disadvantage in accessing their benefits. States have found it important to work with retailers and banks from the beginning of EBT planning in order to increase retailer and bank buy-in. In some states, when retailers have refused to participate, the USDA has worked to urge their participation.
The best way to increase retailer support is to give them stakeholder roles in the implementation process. If the state listens to the retailers, works with their trade associations, and provides training for retailers and their staffs, the retailers are more likely to be involved and to support the state’s policies.

It is a best practice to equip multiple grocery store lanes, so that welfare recipients are not stigmatized by having to stand in one line. The USDA has specific regulations which say how many lanes must be POS equipped, depending on food stamp usage. It is also a best practice to clearly mark, perhaps with a Quest® Logo sign or a sign picturing the state’s EBT card, which lanes are EBT equipped.

In states where retailers are allowed to charge a fee for cash withdrawal there should be a strict limit on the amount retailers may charge. Also, some states allow retailers to designate themselves as full cash back, partial cash back, or no cash back. Unfortunately, most of the limited cash back stores are smaller stores, which are predominantly located in low-income areas. Many low-income areas lack large chain supermarkets, those most likely to allow free cash withdrawal without low limits. Some stores also give cash back only on the condition that recipients spend a certain amount in the store. These limits do not apply to non-EBT consumers who use bank debit cards.

Most states pay merchants for the phone lines used for the POS machine, and most states will pay for the machine if one is not already installed for other debit or credit card use. In Wisconsin, the state pays retailers $0.08 per transaction if the retailers pay for their own equipment. The state believes that this encourages retailers to allow EBT transactions in their stores. As has been mentioned earlier, Wisconsin, Washington, and Texas all pay for extra POS machines to be placed at customer service desks for free balance inquiries. Another option is providing a telephone line in the store that is linked to the EBT helpline, as is done in some stores in San Bernardino County.

Best Practices

- Work with banks, ATM networks, and retailers to increase access to ATM and POS machines, especially low- and no-cost machines.
- Equip all grocery lanes to accept EBT.
- Clearly mark checkout lanes that accept EBT.
- Provide ways that recipients can easily access their benefits when they travel.
- Establish guidelines for the number of ATMs and POS and their proximity to recipients and track this information.
- Facilitate use of benefits at farmers’ markets.
- Allow recipients receiving small amounts of food stamps to save benefits without freezing or expunging the benefits.
When ATM options are limited, as in Texas, retailers face the burden of providing millions of dollars of cash per month. Because retailers had a difficult time keeping so much cash available, the state staggered welfare benefits over the entire month, rather than over the first few days of the month as some states do. Staggering is safer for retailers because it reduces the likelihood of robberies at the beginning of the month, but it can create real difficulties for recipients to pay their rent on time, without incurring late fees. Advocates strongly oppose staggering unless all benefits are distributed before the 3rd or 5th of the month. Another problem with states that do not offer ATM access has been that when smaller retailers run out of money, they sometimes put a sign up on their window that they are not providing cash. This is frequently not reported to the state, but it imposes a burden on recipients who live in places with fewer stores.

Another best practice is that states should ensure that access to EBT cash dispensing locations is greater than or equivalent to the convenience and accessibility of the earlier paper check system. In the states that put cash benefits on EBT cards, most use ATM networks in addition to POS machines to dispense cash. It has been a major concern to provide access to cash near the homes of recipients. For example, in New York City, a major ATM network was not available to recipients because Citicorp, the vendor, refused to pay the full network fee. Because this major ATM network did not accept EBT, many recipients had a difficult time accessing their cash benefits. Generally, ATMs are less available in low-income neighborhoods and rural areas.

Washington achieved this best practice by making a huge map with stickers showing all of the ATMs and POSs accepting EBT. In this way, the state was able to pinpoint where there were not enough access points. Many states have specific rules on how many locations there need to be, and in what proximity to recipients. In general, when problems arise, advocates also point them out to the state. For example, when a major Wisconsin retailer, with 16 stores, pulled out of EBT, several community groups and the USDA got involved. All states should formally monitor participation in the program, rather than wait for problems to be reported.

Another advantage of using ATM networks in addition to POS machines is that states have more flexibility to add programs to the EBT card, such as child support and refugee assistance. Retailers express concerns about having to provide more and more cash when benefit programs are added to the card. Since banks are specifically equipped to provide cash, it is more appropriate for them to be used for dispensing larger volumes of cash.

Many banks have been reluctant to get involved in the EBT program, perhaps because they do not want welfare recipients in their lobbies with their other customers. However, some states have secured excellent agreements with banks. In Massachusetts, a group of banks is working with the state to provide direct deposit and
low-cost accounts, so that there are essentially no ATM withdrawal fees for recipients who have an account with one of these banks. This is a best practice. All states should work with banks to encourage participation in no-cost or low-cost bank account programs. Otherwise, recipients face high fees and limited access. Recipients without direct deposit must pay fees at most ATMs, while recipients with direct deposit will not pay ATM fees when they use their bank’s ATMs. This is another reason why direct deposit and low-cost bank accounts should be encouraged.

The federal government is encouraging states to develop interoperability between states. This means that recipients could use their food stamps in another state, and preserves their right to travel. In some states, recipients may prefer to cross state lines to shop for groceries, and this is difficult when the card is not accepted. States that are members of Quest® should be able to make their cards recognizable by every other state that participates in Quest®. Another problem that arises in county-based programs is that sometimes cards will not be recognizable from county to county. When recipients move from one county to another, they may need to get a new card and reapply for benefits. These problems need to be addressed by vendors and administrators, and where possible, counties should work with one another to develop similar systems and operating rules.

When people need to travel across state lines, it may be difficult for them to use their cash benefits and food stamps if EBT is not interoperable. Some states allow people to convert EBT food stamp benefits to coupons, but the requirements for this are often overly punitive. In Illinois, recipients must go to a welfare office, fill out a form explaining why they are leaving, and wait for approval. Then the state sends their food stamps to the address that the recipient listed as the destination. Many recipients complain that the benefits never arrive. When a person is facing a true emergency, it may be very difficult to meet these requirements.

In some states, farmers’ markets are an excellent place for recipients to shop. The food is typically inexpensive and healthy. It has been difficult to include these markets in EBT programs, however, because they frequently lack the phone lines to authorize EBT purchases. Some states, such as New York, provide “Farm Stamps,” to allow recipients to use vouchers to buy food at farmers’ markets that are not equipped with POS machines. States should offer programs to allow people choice in where they shop, especially encouraging participation by farmers’ markets.

When benefits are not used for a period of time, usually two to three months, they are frozen. At a later point in time, such as nine months, they are expunged. When benefits are frozen, recipients must come in and explain why the benefits have not been used, and apply to get benefits reinstated. This provision has proved to be a burden on the elderly. Many elderly people receive small amounts of food stamps, such as $10 per month. Under the old coupon system, these recipients frequently saved
their coupons until they had enough to make a big shopping trip. Now when they save, they lose their benefits. Missouri appears to be the only state that allows a person with low benefit levels to ask that the benefits not be frozen. This is a best practice, because it gives people the freedom to shop in the most convenient way for them. Wisconsin also does a good job tracking unused benefits and contacting people to find out why they are not using the benefits. This helps caseworkers identify people who may need additional training.

2.7 Dealing with Card Problems

States should have computer performance standards written into their vendor contracts, and should require full backup systems. States report varying degrees of problems with computer systems going down, and advocates say that stores frequently will experience problems without the entire statewide system going down. In some states, the EBT system has reportedly shorted on backup systems in order to save costs, which is unfortunate. When computers go down, manual vouchers should be available and their use should be encouraged.

Privacy is important. It is a best practice that the state have specific guidelines covering what information can be collected, who should have access to that information, and how it may or may not be used. With the use of electronic equipment, caseworkers and the state have greater access to learn more about recipients’ shopping habits. Most caseworkers are allowed to review recipient transactions, although they usually see only how much money a recipient spent and where, rather than what was bought. In at least one state, EBT transaction histories were used to find out where a recipient was living so that she could be arrested.

Another way that electronic records have been used is to catch fraudulent retailers. Fraud investigators look to see if retailers are ringing through EBT transactions too frequently and too fast. In most fraud cases, these retailers are prohibited from offering EBT access.

Caseworkers also work with the state and the vendor to correct card errors, such as the wrong amount of money being posted to an account, or a retailer posting an incorrect transaction.
2.8 EBT Contract Issues

The issue of contracting will be discussed more in the next chapter, but a few best practices deserve to be noted here. States stressed that it is important to have good relationships with the vendor in order to work out problems. One of the best ways to do this is to make sure that the contract is very detailed.

Some states have recently negotiated contracts that have different prices depending upon the caseload. This is a good idea, because vendors have been complaining that they are losing money because of declining welfare roles. States that have negotiated these shifting-fee contracts believe the vendors were willing to give them more services because they would be allowed to raise their cost-per-case-month if the caseload dropped.

Texas will be changing vendors because their old vendor, Transactive, has announced it will no longer provide EBT services. The state has worked very hard to ensure that the transition should be seamless. Recipients will keep the same cards and will not need to be trained again. When Maryland changed vendors, recipients had to get new cards, new PIN numbers, and they had to be retrained. This process was expensive for the state and frustrating to recipients and caseworkers. Therefore, it is a best practice to make vendor transitions seamless, which can be written into the contract with the new vendor.

As more fully discussed below, there are many concerns, from the Justice Department among others, over the lack of competition in EBT contracting. One way states are dealing with this is by breaking up their contracts in order to get multiple bids on smaller segments of the EBT program. Texas is one of the states taking this approach. This is an innovative idea, although it is too early to say if it will be effective or not.

3. Benefits of Adopting these Best Practices

State and county EBT administrators should implement all of the best practices described in this report.

The best practices in this report are those EBT practices which provide, individually and in the aggregate, the most convenient, flexible and efficient system for recipients. Although we recognize that many administrators face internal and external cost pressures from legislative and executive authorities, we did not include explicit cost evaluations in determining which policies were best practices. This is due to the fact that EBT program cost estimates are not available in detail in most states. Although overall program costs are determined by the vendor contract, the costs of all elements
of a particular service are usually not available. Some cost information is not readily
disclosed by the vendor, some has not been extracted or compiled by the state or
vendor, and some of a state’s administrative costs are combined with other welfare
administration costs not specifically related to EBT.

In addition, the benefits of incorporating consumer-oriented best practices extend well
beyond specific benefit issuance costs and savings. Our recommendation to
incorporate all best practices is based on the following considerations:

1. **These best practices will introduce and help integrate recipients into the
   conventional banking system.**

   When recipients have access to low-fee bank accounts, direct deposit and written
   account statements, they will learn how to use mainstream banking practices to
   manage their finances more efficiently. Recipients will also be able to avoid some
   of the predatory fee practices of check cashers and other fringe financial agents,
   allowing them to use their funds for more urgent needs and to become more
   financially self-sufficient.

   Many recipients cannot afford to pay the fees associated with traditional bank
   accounts, so it is critical that EBT programs negotiate “no fee” or “low fee” bank
   accounts with local banks. Although some banks may hesitate to provide these
   special accounts, according to some reports the implementation of EBT systems
   has generated significant revenues for banks. For example, according to a USDA
   report on the first statewide EBT implementation in Maryland, “Financial
   institutions both prefer EBT and save meaningful sums...in Maryland, banks saved
   over $1,250,000 in annual food-stamp-related costs...[and] gained another $779,000
   in EBT-related income.” (USDA, 1994). The additional revenues for banks
   generated by EBT should more than meet any costs to banks of providing low-fee
   accounts.

2. **EBT practices which increase recipient convenience also give recipients
   more time and flexibility to focus on activities which may help them
   eventually achieve independence from public benefits.**

   For example, if an EBT system does not ensure an adequate number of ATM or
   POS access points, then recipients may have to spend additional transit time and
costs to access their benefits. Their costs will also include how they would have
otherwise spent their time - working, job-training or caring for children or other
dependents. EBT practices which promote flexibility will help recipients manage
other time commitments, such as work or training programs. Best practices to
address this concern include offering recipients the choice to have cards replaced in
person or through the mail.
3. Some of the best practices discussed have very small additional costs.

Although costs for some EBT practices may vary considerably by state, other practices mainly require administrative investment in policy decisions, rather than additional financial resources. For example, some recipients who receive small amounts of food stamp benefits prefer to save their benefits over a few months, so that food stamp shopping is more convenient. It would not increase administrative costs to refrain from purging unused benefits after a short time, and allow recipients to accumulate their benefits over a few months.

4. Recipients who are disabled or elderly require all possible advantages of convenience, flexibility and efficiency.

Some EBT recipients will not be able to achieve financial self-sufficiency because they are disabled or elderly. According to the USDA’s 1998 summary of food stamp household characteristics, nationally 8% of recipients are age 60 or older. (USDA, February 2000). A convenient and flexible EBT system, which may include special targeted EBT training for recipients who are having trouble understanding how to use their cards, can help these recipients maintain their current level of independence. Any additional administrative burdens, such as restrictive Authorized Representative options, may significantly impact their health, well-being and independence.

5. Implementing these best practices could encourage more eligible households to apply for food stamp benefits.

According to a recent report submitted to the USDA, “in 1994 less than one-half of working households and less than two-fifths of elderly households that were thought to be eligible for food stamp benefits actually received them.” (McConnell, 1999, page ix). Across the country, 2.7 million working households and 3.5 million elderly households were eligible for food stamps but did not apply for benefits. The report cited program administration difficulties as one of the top five reasons that eligible households do not apply for benefits. California’s participation rate in 1994 was the second-lowest in the nation, according to another USDA report. (USDA, 1998). If EBT administrative practices provide convenient, consumer-oriented food stamp service, then more households may apply for food stamps. Although using an EBT card instead of paper food stamp coupons already reduces the stigma of food stamps, implementing best practices such as allowing EBT payment in all grocery store lanes and providing in-store dedicated terminals for balance checks will help further reduce stigma and may encourage more eligible people to apply for benefits.
6. Implementing statewide policies which value customer service may improve the quality of local welfare office service.

By implementing these best practices, the state welfare administration sends a signal to local welfare offices that customer service is a high priority. When policy decisions include consumer considerations, this implies that the welfare system’s overall goals are to assist recipients and encourage the development of financial self-sufficiency, rather than to simply distribute benefits using the least expensive methods. When this philosophy is communicated to local offices, attitudes and practices among caseworkers and other front-line staff may also improve. This improvement can also influence how local office staff administer a variety of other social programs. This effect may be more likely to occur in EBT programs administered by local offices of a central state agency than in county-administered EBT programs, as the county-administered structure encourages less state supervision or leadership in administrative issues.

Finally, we recommend that savings from EBT should be reinvested in recipient customer service.

The 1996 Welfare Reform Act indicated that EBT was to be a cost neutral replacement for paper food stamps. The legislation mandating EBT included language which suggested that states should not spend more for EBT administration than was previously spent on administration of paper food stamps. This language did not encourage or in any way imply that states should spend less per recipient on EBT administration than they had previously spent on paper administration. However, some states have claimed that EBT implementation has reduced their per-recipient administrative costs. The administrative cost savings have not been sufficiently analyzed by these states to determine how much are due to reduced welfare rolls, greater administrative efficiency, or higher consumer costs and reduced consumer convenience. There is a risk that these cost savings may be the result of EBT policies which limit convenience and flexibility for recipients. Since the legislative intent did not include a mandate to reduce administrative costs, and the cost savings may be coming at the expense of recipients, states should not structure EBT implementation around least-cost practices. At the same time, any true administrative cost savings from EBT should be reinvested in recipient customer service programs, rather than reallocated to other expenses.

D. Problem Areas

There are some major concerns that all states should address: access to direct deposit, access to “no fee” ATM machines, contracting concerns with private EBT vendors, allowing recipients to “opt out” of EBT, and extending protections against loss and errors.
enjoyed by bank customers to EBT cardholders. State practices vary widely. Some states are doing new and innovative things, others are not. Addressing these issues could lead to a significant improvement in customer service.

1. Direct Deposit

Client advocates repeatedly stressed their concerns that state EBT programs were not doing enough to integrate welfare recipients into the mainstream economy. The poor lack access to banks and credit, which hurts their ability to achieve financial independence and to participate in the economy.

There is a large variation between states in the percentage of welfare recipients who have bank accounts. In certain counties in Missouri, up to 60% of welfare recipients have opened bank accounts. Through direct deposit options, welfare recipients can have their money safely deposited into their accounts, they can write checks and not have to purchase money orders, and they can use ATMs without bank surcharges (as long as they use the ATMs of the bank where they have an account). In some states that do not offer direct deposit, recipients with bank accounts must withdraw their cash at an ATM, pay a surcharge, and take their money to their bank to deposit it if they wish to hold a bank account. This practice is dangerous and expensive, posing a new burden that recipients did not have when they could deposit a welfare check.

States offer varying degrees of access to direct deposit. It is encouraged in some states, such as Missouri, Massachusetts, and Florida. In contrast, the Texas system uses no ATMs and the grocery stores dispense all cash benefits. One State of Texas employee reported that “banks do not want these people in their lobbies,” and sees little opportunity for adding ATM machines to the EBT program.

Many low-income people do not have bank accounts because they have poor credit, cannot afford high minimum balances or account fees, or are not marketed to by banks as are middle-class consumers. Also, there are fewer banks in lower-income neighborhoods. Without banks, low-income people are less able to save money, build credit, or cash a check for free.

The EBT system has the potential, because of its large size and the political power of the state, to encourage banks to set up low-cost accounts and to teach people about the benefits of financial literacy. In California, SB 962, supported by Consumers Union and other groups, would give California welfare recipients the option of direct deposit for their cash benefits. 8
2. Use of ATMs

Similar to the problem of direct deposit, some EBT programs offer limited access to ATMs. When recipients use only POS machines, they must get their cash at the grocery store, in effect turning the grocer into the banker. Grocers have some reservations about the large amounts of cash they have to make available for this, but in general, they have been supportive because the program brings many people into their stores and then provides those customers with money to spend. Some grocers offer “no fee” cash, but only if recipients buy a minimum amount at that store.

In low-income neighborhoods that lack large grocery stores, smaller convenience stores have a much more difficult time providing cash. According to many advocates, these stores frequently run out around the first of the month, and place signs on their doors saying that they have no cash for EBT recipients. Therefore, recipients must travel out of their neighborhood in order to withdraw cash.

POS-only systems are also more limited in their growth potential. Grocers might not mind paying TANF benefits to recipients, but will they be able to keep up with child support payments, SSI, general assistance, refugee assistance, and all of the other state and federal programs that are capable of being paid out on an EBT card? This poses security problems for both the grocer and the recipient, and may limit the growth potential of the card.

The biggest problem with having a POS-only system is the lack of access to banks. Low-income people frequently do not have bank accounts, are less financially literate and may not understand how or why to save, and are discouraged from even entering a bank. They frequently have to purchase money orders, pay to cash a check, and are unable to develop credit.

Some EBT programs permit high ATM surcharges. These EBT surcharges are considerably above the costs to a bank for an EBT customer to conduct an ATM transaction, so banks are profiting from EBT customers.

States implementing EBT programs should ensure that adequate access is provided to ATMs. Because each state has such a large number of EBT users, they should be able to negotiate lower rates to withdraw money from banks, or negotiate with banks to not charge welfare recipients at all. There are no bank surcharges for EBT ATM transactions in Massachusetts. Massachusetts is also a leader in encouraging low-cost checking accounts and direct deposit options.
3. Contracting

Since the first EBT programs began in 1989, three corporations have signed contracts with states: Citicorp, Transactive, and Deluxe Data Systems. Lockheed Martin IMS has also served as a subcontractor. These corporations began their EBT programs expecting welfare rolls to remain constant, and with the decline in the 1990's, they have lost money. Increasingly during the 1990's, the vendors appear to have divided the states amongst themselves, allowing one company to serve as the vendor and the other companies to serve as subcontractors.

The disadvantage to the states and to welfare recipients is the lack of competition for contracts, allowing the companies to charge more and provide fewer services. When Transactive announced on Feb. 27, 1998 that it would end its EBT program and that it had entered into an asset purchase agreement with Citicorp, the U.S. Justice Department filed a legal antitrust action. The action has since been dropped because Citicorp rescinded its offer to purchase Transactive’s equipment, but legitimate issues remain. Citicorp currently has contracts with at least 29 states.

The Justice Department’s complaint detailed the lack of competition in the industry. With only Deluxe remaining as Citicorp’s competitor, and because these companies have repeatedly bid against one another, leading to familiarity with what the other company will bid, the bid process is no longer competitive. Other companies have been reluctant to enter the market because of the expensive start-up costs.

Texas, a Transactive customer, decided to break up its contract into three parts: 1) central account processing, 2) retailer management, and 3) telephone helpline. Through the assistance of an outside consultant, Texas identified 35 potential vendors, and secured multiple bids in each of the three areas. Other states are considering similar actions to break up their contracts. The Texas report, Texas EBT Alternatives Analysis provides a good review of the contracting options available to states. (Phoenix, 1999).

The advantage to breaking up the contract would be to allow in new companies with expertise in certain areas, such as in the telephone helpline area. Bringing in new companies increases the competitiveness of the market and brings new ideas and solutions to EBT systems. Other states worry, however, that breaking up the contract may not be a panacea. For a state new to EBT, dealing with multiple vendors may be more confusing to the state and to recipients. Furthermore, with several vendors, passing the buck is more likely to occur as no one vendor is responsible for the entire program.

There are no states currently operating with multiple EBT contracts, and it is too early to know if this is a good solution. However, any state currently considering contract
renewal should examine the possibility of breaking up its contract. Smaller contracts have the potential to offer more tailored services at a more competitive price, benefiting both the state and the recipients.

4. Allowing Recipients to “Opt Out” of EBT

Very few states offer recipients the ability to decline EBT. Instead, states prefer that a recipient who is unable to use EBT appoints an Authorized Representative (AR), who can use the EBT card for the recipient. Where this system is used, the recommended approach is Florida’s method of offering a separate card for ARs which can provide access to only a part of the month’s benefits. However, many advocates would like recipients to be able to use the old food stamp coupons if they are unable to use the EBT cards.

In Illinois, a welfare recipient successfully sued the state under the Americans with Disabilities Act because she had been independent under the old food stamp system, and she claimed that the new EBT card system, which she could not use, made her dependent again. The judge agreed, ordering Illinois to provide her with food stamp coupons and welfare checks.

The USDA is slated to stop using food stamp coupons altogether in 2002, which could pose problems for states that allow recipients to opt out of EBT. However, in light of this important Illinois case, it is likely that states will have to find some way of accommodating disabled people who cannot use EBT and do not want to appoint an AR.

5. Need for Equal Consumer Protections

When bank debit cards (such as ATM cards) are lost or stolen, cardholders usually are only held responsible for the first $50 charged on the cards, under Federal Regulation E. The same protections do not apply to EBT cardholders, who lose all of the benefits debited using their cards before the card is reported lost or stolen. States have successfully argued against applying Regulation E protections to EBT cards because of the states’ belief that cards might be reported lost or stolen but actually be sold for the cash benefit or food stamp values on the card. In Maryland, the state EBT director reports that 5-6% of cards are reported lost or stolen every month, which is a large number. EBT programs fear extending Regulation E protections would encourage EBT card selling and would be too expensive to provide.

However, a pilot program in New Mexico found that extending Regulation E protections to EBT cards would only cost $0.01 per case month. If the extension of Regulation E protections truly costs that little, then states should consider extending the coverage in order to help welfare recipients who have had their cards lost or stolen.
Certainly the vast majority of welfare recipients are law abiding citizens and are not trying to defraud the EBT system. States should examine the New Mexico pilot program and consider extending Regulation E protections to recipients.

In addition, federal law gives consumers who hold debit and credit cards very specific protections, including timeframes for action when there has been an error in connection with the account. Many EBT systems lack specific requirements for timeframes and procedures to resolve processing errors such as debiting the same account twice for one transaction; or of human errors such as removing $100 in benefits after a $10 purchase.
Conclusion

Using data gathered from nine states and the California food stamp pilot programs, this report documents customer service practices that are considered to provide the most convenient, flexible and low-cost EBT system for recipients. Furthermore, these practices promote recipient independence and recipient integration into the mainstream banking economy. Many of the practices recommended require no additional cost to the state and county governments and many already exist in states’ EBT systems. However, the research found that as the EBT systems mature, and EBT administrators and vendors explore new cost cutting measures, some of these existing practices are at risk of being cut. This study recommends that all the best practices listed in this report be implemented.

This report also documents some areas of EBT systems that are particularly problematic. The problem areas include the need for no-cost or low-cost bank accounts, poor accessibility to ATMs, lack of competition for EBT contracts, reduced financial independence for some disabled or homebound recipients, inadequate protections for stolen benefits and inadequate protections for resolving human errors and processing errors.

Finally the report suggests the following areas for future research:

- Collect data on what vendors in each state are charging for delivery of EBT services. Using this cost information and the quantity and quality of customer services provided, study the differences between states and between vendors.
- Study the effect on cost, quality and quantity of services provided from having only two EBT service providers. Also, study the feasibility of breaking up a state’s EBT contract into small components and having each component bid on separately.
### Appendix I

**Status of EBT Systems as of October 1999.** *(FNS, 1999)*

<table>
<thead>
<tr>
<th>State</th>
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<td>Alabama</td>
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<td>Arkansas</td>
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<td>California</td>
<td>San Bernardino and San Diego counties</td>
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<td>Colorado</td>
<td>Statewide</td>
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<tr>
<td>Connecticut</td>
<td>Statewide</td>
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<td>District of Columbia</td>
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<td>Florida</td>
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<td>Georgia</td>
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<td>Hawaii</td>
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<td>Idaho</td>
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<td>Illinois</td>
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<td>Iowa</td>
<td>Linn County (Cedar Rapids)</td>
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<td>Kansas</td>
<td>Statewide</td>
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<tr>
<td>Kentucky</td>
<td>Expanding statewide</td>
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<td>Louisiana</td>
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<td>Maryland</td>
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<td>Massachusetts</td>
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<td>New Hampshire</td>
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<td>New Jersey</td>
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<tr>
<td>New Mexico</td>
<td>Statewide</td>
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<tr>
<td>New York</td>
<td>In the process of rolling out statewide.</td>
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</tbody>
</table>
North Carolina  Statewide
North Dakota  Statewide
South Dakota  Statewide
Oklahoma  Statewide
Oregon  Statewide
Pennsylvania  Statewide
Rhode Island  Statewide
South Carolina  Statewide
Tennessee  Statewide
Texas  Statewide
Utah  Statewide
Vermont  Statewide
Washington  Statewide
Wisconsin  In the process of rolling out statewide.

Ohio and Wyoming have operational off-line (mirco-chip card technology) EBT systems. Michigan and Puerto Rico have approved contracts for the statewide implementation of EBT systems. Indiana, Maine and West Virginia have selected EBT vendors prior to obtaining approved contracts.
Glossary of EBT-Related Terms. (CA ITP, 1999).

**Access Card** - A generic term which refers to the physical card used to access a commercial or EBT card system. In the on-line EBT demonstrations, recipients use magnetic stripe cards at POS terminals or ATMs to access the system. In the off-line EBT demonstration, recipients will use integrated circuit (IC) cards (also called “smart cards”) to access the system.

**Account** - A food stamp or cash account.

**AFDC** - Aid to Families with Dependent Children

**Authorization** - An affirmative response by, or on behalf of, the issuing member to a request to permit a card or card account to be used in a transaction. No posting to an account occurs for an authorization.

**Authorized Representative (AR)** - The person designated by a food stamp household to receive an EBT card and purchase food items on behalf of the recipient.

**Automated Clearing House (ACH)** - The process in which financial transactions are electronically processed for settlement.

**Automated Teller Machine (ATM)** - An unattended terminal from which one or more banking transactions can be performed, including balance inquiries, cash deposits, cash withdrawals, transfers between accounts, and payments on loans and credit cards. Requires card access.

**Balance Inquiry** - A non-financial transaction that permits the cardholder to obtain the current balance of his or her account.

**CalWORKs** - California Work Opportunity and Responsibility to Kids

**Case** - A single unit receiving benefits from one or more programs through a single recipient account.

**Clearing Account** - An account maintained for the purposes of settlement and payment of fees.
**CSC** - Customer Service Center

**CSR** - Customer Service Representative

**CWD** - County Welfare Department

**Electronic Benefit Transfer (EBT)** - A system that uses electronic funds transfer, automated teller machines, and point of sale technology for the delivery of public assistance benefits.

**Food and Nutrition Service (FNS)** - The Food and Nutrition Service of the United States Department of Agriculture.

**Food Stamp Program (FSP)** - The government benefits program operated under the authority of the Food Stamp Act of 1964, as amended.

**GA** - General Assistance

**GR** - General Relief

**ITP** - Invitation to Partner

**Manual Food Stamp Transaction** - An off-line food stamp transaction.

**NACHA** - National Automated Clearing House Association

**Off-line** - An EBT system or transaction in which individual purchases are authorized without telecommunication between the POS device or ATM and a central database. In an off-line EBT system, data on recipient account balance is maintained on the access card, and purchase authorization only requires contact between the card and local device. In an on-line EBT system, an off-line transaction requires a manual voucher.

**On-line** - An EBT system or transaction in which authorization of individual purchases requires telecommunication between the POS device or ATM and a central data base in which data on account balances is maintained.

**Personal Identification Number (PIN)** - An alpha-numeric code selected by or assigned to the recipient and used to control access to individual accounts. The PIN must be entered on a key pad before any transaction can be processed.

**Point of Sale (POS)** - Typically used to refer to equipment (e.g., terminal, PIN pad and printer) deployed at a retail location and used to initiate the electronic debit of a recipient account and credit to the retailer’s account. These machines do not dispense cash. When POS includes cash back, the merchant, not the machine, dispenses the cash.
**Primary Account Number** - A number that identifies the issuer and specifies an individual account or hierarchy of accounts, including the name of issuer and account number(s).

**Protective Payee** - A person acting on behalf of a recipient to whom the CalWORKs payment is made in its entirety.

**Quest®** - The Quest Operating Rules set forth rules for EBT transactions. Most of these rules address the rights and obligations between the acquirer (such as a retailer accepting an EBT card for a point of sale purchase), and the EBT card issuer. Card holders also are affected by the Quest rules. The Quest rules apply only if the government entity who contracts for EBT selects these rules.

**Receipt** - In commercial networks, a hard copy description of a transaction that took place at an ATM or POS, containing at minimum date, merchant name and location, type of account accessed, amount, reference number, and an action code. In EBT systems, receipt must include the balance remaining in the account after the current transaction has been processed.

**Settlement** - Process by which funds (i.e., debits and credits) are transferred between any two processing points in the flow of an electronic financial transaction. These include: between financial institutions participating in the network; and, between the financial institution and the merchants for whom it acts as an acquirer or “sponsor.”

**Surcharge** - A fee added to a transaction by an Acquirer, Terminal Operator or Merchant for a transaction initiated at a Terminal.

**TANF** - Temporary Assistance for Needy Families

**USDA** - United States Department of Agriculture

**Vendor** - The entity with which a government entity contracts for the implementation, maintenance and operation of an EBT program.

**WIC** - Women, Infants, and Children program
Appendix III

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Appendix IV

Written Survey

PURPOSE OF THE SURVEY:

Thank you for participating in this Goldman School of Public Policy survey. We are researching many state programs in order to get a picture of the variety of services offered to recipients throughout the country and then consider the costs paid by the states for these services. We anticipate our final analysis might be used by states as they negotiate future contracts.

Our research will come in two parts: This written survey is designed to learn more about the specific design features of your EBT system. The second part will be a telephone interview. If you have any questions about this survey, please call Anastasia, Joulia, or Celina at (510) ____. If you are unable to participate, please give this survey to another member of your staff.

Thank you for returning this survey to us by March 17. Please fax the survey to (510) 643-9657.

Your participation is greatly appreciated.

CONTACT INFORMATION:

Name of person filling out the survey:________________________________________
Job Title: _________________________
Telephone number: _________________
E-mail: __________________________
Mailing address: _________________________________________________________
______________________________________________________________________
May we call you if we have follow-up questions? Yes ___  No ___

Directions: Please write your responses next to the questions. If the space available is insufficient, please feel free to write on the back side of the piece of paper, or on an additional sheet of paper. For yes or no questions, please circle the correct response. If you are unclear about any of the questions, you can call us for more information.
**GENERAL INFORMATION:**

1. What year did the EBT contract start in your state? ________________

2. Who is the State’s EBT contractor? _______________________

3. When does the current contract expire? ________________

4. What programs are included in the EBT system? (please circle all that are applicable)
   a. TANF
   b. Food Stamps
   c. General Assistance or General Relief (able-bodied adults with no children)
   d. Unemployment insurance
   e. Other: (Please list) _______________________________

5. Are there exemptions from the mandatory system (i.e., for a severe mental or physical disability or because of geographic lack of access to ATM/POS machines)?
   Yes No

6. What reports, surveys, and analyses have been done to evaluate the program? Where would we be able to obtain copies of them?
   ___________________________________________________________________
   ___________________________________________________________________
   ___________________________________________________________________

**ATM/POS USAGE:**

1. How many free ATM transactions are available per month per recipient? ________________

2. What is the cost to recipients for additional ATM transactions? ________________

3. What is the cost for getting a balance inquiry at an ATM? ________________

4. What is the maximum amount that can be withdrawn in cash in one ATM or POS transaction? ________________

5. How many free POS (“point of sale”) transactions are available per month? ________________

6. What is the cost for additional POS transactions? ________________

7. Are POS locations (i.e. grocery stores) allowed to add surcharges for cash back?
   Yes No

8. What percent of all grocers in your state participate in the EBT program? ________________

9. How many retail locations participate in the EBT program across the state? ________________

10. Is every checkout line of the store typically equipped with the EBT equipment?
    Yes No
11. Are there bank(s) or network(s) of ATMs that participate in EBT free of charge to recipients?
   Yes  No

**Training and EBT Card Logistics:**

1. Can multiple cards be issued for a single household?
   Yes  No

2. Is in-person training available? How does the state determine who gets in-person training
   *(i.e., at issuance, self-identified, case-worker referred, or after a problem)*?

3. How many languages is training provided in?

4. Is EBT training provided: *(please circle all that are available)*
   a. During evenings?
   b. On weekends?
   c. On a walk-in, no-reservation-required basis?

5. Can trainees practice on an actual ATM with assistance?
   Yes  No

6. Is the written information mailed out to all recipients? What are the mailings? How many
   mailings are there? Can we get copies?

7. In how many languages is the written information available?

8. Are there alternative formats for those with vision or other disabilities?
   Yes  No

9. Does the program have special technology or devices for recipients who cannot use regular
   ATM keypads?
   Yes  No

10. Can participants convert their EBT food stamp benefits to food stamps when they travel
    outside the card area?
    Yes  No

**Dealing with Card Problems:**

1. How often has the system gone down? When it has gone down, did merchants send manual
   vouchers through?
2. How are lost or stolen cards replaced? In the mail or only at county offices? How long does it take to get a new card?

3. If card-holders do not use their benefits, do they lose them? After how much time?

4. How many languages are available on the card help-line?

5. How long is the average waiting time for a caller to receive personal assistance on the card help-line?

6. Are the unused benefits of a recipient used to determine benefit levels or eligibility for other public assistance programs?

7. What hours are live customer service representatives available? In what languages?

8. Do you have a busy signal policy with the vendor? If so, what is it?

**SIZE OF EBT PROGRAM:**

1. How many food stamp recipients were in the EBT program during Fiscal Year 1999?

2. How many cash benefit recipients were in the EBT program during Fiscal Year 1999?

3. Was there any decline in the food stamp participation rates after the first month of EBT? If so, what percent of the food stamp population?

4. What was the average amount per month distributed in food stamps in FY 1999?

5. What was the average amount per month distributed in cash benefits in FY 1999?

**Costs**

1. What does the contractor charge per case month per client for food stamps?

2. What does the contractor charge per case month per client for cash benefits?
3. What was the caseload for food stamps and cash when the cost per case month was determined?

___________________________________________________________________________

4. Have the number of ineligible food stamp retailers (e.g., liquor stores accepting food stamps) dropped since the introduction of EBT food stamps? By how much and in what period of time?

___________________________________________________________________________

5. Were start-up costs included in the cost per case month or were they a separate cost at the beginning of the project? If they were separate, how much were they, and what did they cover?

___________________________________________________________________________

___________________________________________________________________________

Thank you for participating!
Appendix V

State Director Interview

Interviewer: These are the 3 things we are looking for in each area:

✓ **How do you rate the success or the effectiveness of the state's program in this area?**

✓ **What is (are) the best/most effective component(s) of the state's program in this area?**

✓ **What could be improved in the state's program in this area?**

Before you conduct your phone interview, review the interviewee’s written survey. Clarify any responses you are unclear about, and prepare probing questions about things you find interesting or unclear in their survey.

---

Script: Hello, we are interested in hearing more about how your state’s EBT system operates. I would like to ask you some questions about your system now.

1. **[Customer Service]** First, I am interested in hearing more about the services provided to food stamp and cash benefit recipients in your state.
   
   a. **[Overall Goals]** In general, what are the goals, priorities, or targets for your EBT program?

   b. **[Customer Service Goals]** Do you have customer service goals, priorities or targets for your EBT program? What are they?

   c. **[Information on Program Changes to Customers]** How often is information provided to recipients about changes or updates in the EBT program? What type of information is sent?

   d. **[Account Information]** Are recipients sent a monthly statement? Do they get account balance information whenever they make a transaction?

   e. **[Communication Path]** Is it the state, the county, or the vendor that communicates with the recipient? Are you satisfied with the amount of communication that the EBT program has with recipients?
f. **[Telephone Helpline]** How does the telephone helpline work in your state? Have there been any studies or reports about its effectiveness? Are there any plans to make changes in your helpline? What changes would you make if you could?

g. **[Telephone Other Language]** How do you provide telephone service to recipients who do not speak English or Spanish [or other]? What percent of your recipients find that the helpline speaks their language?

h. **[Lost Card Procedure]** What is the procedure for replacing lost cards? Are there any charges for replacing a lost or stolen EBT card? Do you think that the system gets new cards to recipients fast enough?

i. **[Denied Transactions]** What happens if a food stamp customer buys $60 of groceries and her card only has $50 on it? Is the transaction denied? Are there fees assessed for denied transactions?

j. **[Recipient ATM Safety]** How does [state] address recipient safety and theft prevention at ATMs? How well is this policy working? How could it be improved?

k. **[Merchant Fraud]** How does [state] address merchant fraud? What is the state's policy for restoring defrauded benefits? How well is this policy working? How could it be improved?

l. **[Recipient Fraud]** What are the procedures and protections against fraud when an EBT card is misused? Have there been any scams in your state? What was your response?

m. **[Waiving Out]** What are the procedures for waiving out of the EBT system? Do you think that these procedures make it too hard, too easy, or are adequate for waiving out? Other than Authorized Representative procedures, are there procedures to protect disabled and elderly recipients from unauthorized use of their benefits?

n. **[People with Disabilities]** What sort of policies do you have for people with disabilities? How well do these policies work? Are there people who are unable to use the EBT system? What happens to them?

o. **[Ease of Use]** In your opinion, how easy is this system for recipients to use? What might you do to make it easier? Do you think it is as easy as the old food stamp program?

p. **[Most Successful Area of Customer Service]** In terms of service quality for recipients, in which area has [state] been most successful? [Prompt: Recipient communication, telephone helpline, diverse language support, support for elderly and disabled, training, convenience of POS/ATM locations] Why?
q. What would you most like to see improved in [state]’s EBT program? Why?

r. [Recent Reports] Have there been any recent studies or reports on any aspect of your EBT system? Are copies of the reports available?

2. [Training and implementation] I would now like to ask you some questions about training for EBT and implementation of the program:

a. [Training Procedures] What are your procedures for training recipients? What is the best component of your training program? Do you plan to change these procedures? How would you change them if you could?

b. [Customer Service Goals] Do you have training goals, priorities or targets for your EBT program? What are they?

c. [Recipient Satisfaction with Training] Do you think that recipients are satisfied with the training that they receive?

d. [Difficult to Reach Recipients] Which recipients have been most difficult to contact, train and add to the EBT system? What sort of outreach procedures have you used? Which outreach programs have been most successful?

e. [Local Administration] How does the state work with local food stamp and cash benefit administrators at the county level? How much training and supervision do they receive? How do you feel about the services being provided at the local level?

f. [Advocate Contact] Do you have contact with recipient advocates? What is this contact like? How helpful is it?

g. [Recipient Feedback] Is there a recipient board that provides feedback to the state and vendor about the EBT system? How well do you think the board works?

h. [Unused Benefits] What sort of information do you collect, and what do you know about unused benefits? Do you know if this has changed during the course of your EBT program?

i. [Trial Program Results] What did you learn most from your trial or pilot program? What were the most important differences between your trial program and full implementation?
3. [Accessibility to ATM/POS] Next, I would like to ask you some questions about recipient’s access to ATM/POS machines

a. [ATM Proximity to Recipients] Do you have policies about how close ATM/POS machines must be to recipient’s homes? What are the criteria that you use to determine the number of ATMs needed? Do you have any information about the distance and number of machines that are located near recipients? How well do you think most recipients know where the nearest machines are? Are recipients given any information as to where ATMs are located near their homes?

b. [POS Proximity to Recipients] Are recipients given choices about where they can shop and use their food stamp card near their homes? Do you think that there are an adequate number of POS machines? Where should POS machines be located? Primarily in large grocery stores, or located in corner convenience stores as well? Does the merchant fee structure discourage convenience stores from participating [e.g. Phone lines, paying for machines if not enough EBT sales, etc.]? Is this appropriate?

c. [Overall Proximity] Do you think that there are enough ATMs and POS’s near where recipients live?

d. [Travel Flexibility] What do recipients do if they must leave their county or state for a trip? Are they able to access their food stamps and cash benefits? Have their been any problems with this?

e. [Computer Reliability and Response] How reliable is the EBT computer system? How often does it go down? What is the average down time? What is the alternative procedure for transactions when the computer is down? Have merchants offered vouchers to their EBT customers and do you think that the voucher system has worked well?

f. [Privacy] What sort of information are caseworkers eligible to receive about where recipients shop? Are caseworkers able to access information about where their clients shop? What sort of info?

Thank you very much for participating in our survey. Your responses have been very helpful to us.
Appendix VI

Advocate Interview

Interviewer: These are the 3 things we are looking for in each area:

✓ How do you rate the success or the effectiveness of the state's program in this area?

✓ What is (are) the best/most effective component(s) of the state's program in this area?

✓ What could be improved in the state's program in this area?

Before you conduct your phone interview, review the interviewee's written survey. Clarify any responses you are unclear about, and prepare probing questions about things you find interesting or unclear in their survey.

Script: Hello, we are interested in hearing more about how your state's EBT system operates, and we would like to ask you because you are in frequent contact with recipients. It would be helpful to us if you could tell us how you think the system is working from your client's perspective.

1. [Customer Service] First, I am interested in hearing more about the services provided to food stamp and cash benefit recipients in your state.

   a. [Information on Program Changes to Customers] How often is information provided to recipients about changes or updates in the EBT program? What type of information is sent?

   b. [Account Information] Are recipients sent a monthly statement? Do they get account balance information whenever they make a transaction?

   c. [Communication Path] As an advocate, are you able to participate in the decision-making process on EBT issues? What are your relations like with state and local administration of EBT services?

   d. [Telephone Helpline] How does the telephone helpline work in your state? Do you hear complaints from your clients? About what? What changes would you make if you could? [waiting times, disconnections, busy signals, languages, poorly-trained operators] Is help made available in enough languages in your opinion?
e. **[Telephone Other Language]** How do you provide telephone service to recipients who do not speak English or Spanish [or other]? What percent of your recipients find that the helpline speaks their language?

f. **[Lost Card Procedure]** What is the procedure for replacing lost cards? Are there any charges for replacing a lost or stolen EBT card? Do you think that the system gets new cards to recipients fast enough? Are your clients satisfied with the card replacement system?

g. **[Denied Transactions]** What happens if a food stamp customer buys $60 of groceries and her card only has $50 on it? Is the transaction denied? Are there fees assessed for denied transactions?

h. **[Recipient ATM Safety]** How safe are recipients when they withdraw their money from ATMs? What could be done to improve safety? How could it be improved? Are clients safer now than they were under the old welfare-check system?

i. **[Merchant Fraud]** Have recipients had any problems with merchants fraudulently using their EBT cards? How could the state's protections could be improved?

j. **[Recipient Fraud]** Have recipients had any problems with their cards being misused? [scams, theft, etc.] Have there been any scams in your state?

k. **[Waiving Out]** Do you think that state procedures for waiving out of the EBT system make it too hard, too easy, or are adequate for waiving out? Other than Authorized Representative procedures, are there procedures to protect disabled and elderly recipients from unauthorized use of their benefits?

l. **[People with Disabilities]** How well do policies for disabled people work? Are there people who are unable to use the EBT system? What happens to them? What are some of the things the state could do to better accommodate them?

m. **[Ease of Use]** How easy is the system for recipients to use? What could the state do to make it easier? Do you think it is as easy as the old food stamp program?

n. **[Most Successful Area of Customer Service]** In terms of service quality for recipients, in which area has [state] been most successful? [Prompt: Recipient communication, telephone helpline, diverse language support, support for elderly and disabled, training, convenience of POS/ATM locations] Why?

o. What would you most like to see improved in [state]'s EBT program? Why?

2. **[Training and implementation]** I would now like to ask you some questions about training for EBT and implementation of the program:

a. **[Training Procedures]** How well does the training program work? How would you change them if you could?

b. **[Recipient Satisfaction with Training]** Do you think that recipients are satisfied with the training that they receive?
c. **[Recipient Feedback]** Is there a recipient board that provides feedback to the state and vendor about the EBT system? How well do you think the board works?

d. **[Unused Benefits]** What effort does the state make to contact recipients who haven’t accessed their accounts? Do you think these procedures are effective? From your contact with recipients, why do you think people do not access their accounts?

3. **[Accessibility to ATM/POS]** Next, I would like to ask you some questions about recipient’s access to ATM/POS machines

   a. **[ATM Proximity to Recipients]** Do you think there are enough ATM machines? Are they located optimally near recipients’ homes? How well do you think most recipients know where the nearest machines are?

   b. **[POS Proximity to Recipients]** Are recipients given choices about where they can shop and use their food stamp card near their homes? Do you think that there are an adequate number of POS machines? Where should POS machines be located? Primarily in large grocery stores, or located in corner convenience stores as well?

   c. **[Travel Flexibility]** What do recipients do if they must leave their county or state for a trip? Are they able to access their food stamps and cash benefits? Have their been any problems with this? Are their paper food stamps that can be issued, or are the cards interchangeable in other states?

   d. **[Computer Reliability and Response]** How reliable is the EBT computer system? Generally, how often does it go down in your experience? What is the alternative procedure for transactions when the computer is down? Have merchants offered vouchers to their EBT customers and do you think that the voucher system has worked well?

   e. **[Privacy]** Do you have privacy concerns about information being collected on recipients through the use of their EBT cards? Have you seen any instances where this issue has come up?

   f. **[Changes]** If you could change any one thing about the EBT program, what would you change?

**Release:** When we write up this report, we would like to acknowledge the groups that have helped us with our research. We will not say that your group has endorsed any of our recommendations. Would you like your group to be listed?

Thank you very much for participating in our survey. Your responses have been very helpful to us.
State Summaries

A. San Bernardino and San Diego Counties, California

General Description of Program

There are food stamp EBT pilot programs in California’s San Bernardino and San Diego counties. Both have the same vendor, Deluxe. The contracts started in 1997 and will expire in 2002. Since the contracts are food stamp only programs and no cash benefits are distributed, there are no ATMs involved in the systems.

The San Bernardino program comprises 55,000 recipients and San Diego comprises 51,000 recipients. The primary difference between the two programs is the San Bernardino program had one project manager for the entire implementation period, while San Diego had several different project managers. During the first month of EBT operation, the food stamp participation rate declined by less than 1%. There are no exemptions from the EBT system.

Benefits that are unused for 90 days are taken off-line. If they are not requested after one year they are expunged.

Telephone customer service is available 24 hours a day, seven days a week. This phone service is available in English and Spanish. The phone service gives recipients the option of hearing a list of their last ten transactions or to have that information mailed to them at no cost. All informational material is available in English and Spanish in San Bernardino. In San Diego the material is available in eight languages.

All new cards and replacement cards must be picked up in person, and at that time the recipient chooses a PIN number. Local social service offices have facilities to produce EBT cards on site. Multiple cards can be issued for one household.

Training is compulsory for all new recipients. Additional training is available on request. Training involves a person speaking to recipients, seeing a video and practicing on a mock POS machine.
Almost all grocers (99.9%) participate in the EBT program. Every checkout line of the store is equipped with EBT equipment.

**Comments from State Representative: (San Bernardino county only):** The manager believes the system works well. She has not heard many complaints. She emphasized that the program’s success relies on the EBT manager being committed and proactive. Furthermore, she believes there needs to be a large investment of time and people at the start of the program.

During start-up, if people were unable to make training sessions because they needed childcare or had transportation difficulty, staff personally went and picked up recipients using specially marked cars. Social service workers visited some of the homebound recipients. These recipients had all training material mailed to them; their cards were activated and PIN numbers chosen over the phone.

**Comments from Advocates (San Bernardino and San Diego):** Both advocates agree EBT is better than the paper food stamp system. The San Diego advocate believes there are fewer stores that accept food stamp transactions than there were before the EBT program’s implementation. She believes it may be due to the large number of times the system breaks down, therefore requiring stores to use manual vouchers, which are time consuming. She also felt the communication channels between advocates and the county were inadequate.

The San Bernardino advocate has not received many complaints about the EBT system. She noted that although there are no formal public meetings, she has had no difficulty contacting people at the county about concerns or client complaints. She believes that training on a voluntary basis is a good idea because most of her clients have previously used ATMs.

**Good Practices**

- During startup, training was offered to merchants and community groups.
- Local social service offices have facilities to produce EBT cards on site.
- Social service workers identified housebound recipients and visited them in person.

**Challenges or Problems**

- There are many reasons the system goes down; not all are due to the vendor’s EBT computer system. However, the county only monitors the number of times the vendor’s system goes down. The counties and state should investigate the other reasons for the system breaking down, and develop ways to address problems.
- It is important that there be only one project manager for the entire implementation period.
Communication between State and Advocates: The communication channel between the state and advocates appears to have been very good in San Bernardino during startup. The San Diego advocate was very dissatisfied with the communication channels. She had a great deal of difficulty even finding out who the project manager was.

B. Florida

General Description of Program

Florida began its EBT pilot in 1997, with full rollout in 1998. The vendor is Citicorp. Food stamps, cash benefits, refugee assistance, SSI/SSA and other federal programs are administered via EBT, and direct deposit is available. This is a state-administered program. The administration seems to do an excellent job of maintaining communication with interested advocates and community groups. The state feels that the vendor has been responsive and provided good quality services. The vendor set up training sessions in building lobbies, with previous recipients training current recipients using mock ATM terminals. According to the state, recipients generally had a “short learning curve” with this hands-on training. The state also spent considerable time training merchants and testing all stores before rollout.

Although Florida may not provide an exceptional quantity of benefits (i.e., only two free withdrawals per month), the combination of benefits and the method of provision is well-suited for Florida recipients, according to the consumer advocate. This is an important point, because it shows that there are many factors which can combine to form a good EBT system.

Comments from State Representative: According to the director, Florida’s EBT administration has the following goals: improve service and delivery to customers; increase efficiencies in administration, operations and costs; reduce risk; and leverage existing infrastructure in commercial applications to ensure efficiencies. The director attributed much of Florida’s success to administrative staffing issues, citing the fact that staff turnover is low, and that employees are dedicated to their work.

Comments from Advocate: The advocate said that since implementation, there have been “no real problems.” Although the advocate was concerned about other aspects of Florida’s welfare system, there are now so few complaints about EBT that she is no longer working on EBT issues.
**Good Practices/Successes**

- During rollout, previous benefit recipients were hired to train current recipients on EBT card use.
- Cooperation with banking community: banks agreed to provide special low-fee accounts for low-income customers; direct deposit available; recipients can withdraw cash from any HonorStar Network ATM without surcharge.
- Although 15-17% of paper food stamps were not used, the unused EBT food stamp benefit rate has declined to 10%.
- Extensive administrative time spent training and testing merchants.
- ATT Universal Call Center is used for translator services.
- Wide range of Authorized Representative (AR) options, including separate cards for varying amounts. Florida EBT management can/has monitored AR use with daily reports to prevent AR abuse.
- Partnership with client and community groups - genuine responsiveness to recipient and advocate concerns.
- Administration has a customer-oriented management style and work ethic. They are continuing outreach and training as they add new benefit programs to the EBT package.

**Challenges or Problems:** Unrelated to EBT, Florida’s welfare system has evolved in the last few years to more locally-determined eligibility rules. According to the advocate, the local decisions, especially regarding sanctions, have been arbitrary and have resulted in a one-third decline in caseload.

**Communication between State and Advocates:** The state met with advocates before, during and after rollout, but they have not met recently. The advocates felt that the state heard and responded to their suggestions. The state/advocate relationship seems congenial, and they both agree that Florida’s system is working well.

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**C. Illinois**

**General Description of program**

Illinois offers a full EBT system that provides benefits for food stamps, general assistance, TANF and other benefits. Their contract is through Transactive, and they have not yet decided what they will do when the contract expires in 2002. Cash benefit recipients can use POS or ATMs. There are 4 free transactions per month, although banks do add surcharges. In general, the best aspects of the program seem to be that almost every retailer participates so the POS coverage is extensive. Retailers have a choice about providing cash back to cash benefits recipients.
Comments from State Representative and Advocate: Illinois advocates have had a number of concerns about the system: there are problems with interoperability, problems with advocate-state communication, the computer system crashes and retailers do not offer vouchers, and there are problems for the elderly and the disabled. Some of the problems stem, it seems, from a lack of communication between the state and local offices. Although the state frequently has the necessary policies, they are often not implemented uniformly at all offices. For example, recipients who lose their cards should be offered a new one at a local office, or have the right to have the new card mailed to them. According to advocates, many disabled people have been unable to have their cards mailed to them, even though it is part of the policy. Advocates have secured new rules under which the state will talk to people about getting direct deposit of benefits, but local offices frequently do not mention this.

Retailers have a manual voucher system for when the computers break down, but they tend not to use it because their employees do not know it exists and EBT recipients do not know to ask for it.

Although there are translations of training materials into 11 languages beyond English and Spanish, most local offices do not have copies of the translations.

Training is provided in mandatory sessions at local offices. A video is shown and questions are answered, and people choose their own PINs. Special help is available for the elderly or disabled, although the advocate says many elderly are deterred by the EBT system. Some elderly who receive small amounts of food stamps per month have just stopped receiving them. The state refutes this and says that there was no drop in usage after conversion.

Another problem is that many elderly save their benefits and use them only every few months for a big shopping trip, but Illinois freezes these benefits when the accounts are unused.

Merchant relations seem to be fairly good. There is good accessibility. Interoperability with other states should come soon. Advocates would like the merchants to use the voucher system, and they would like to expand the conversion to food stamp coupons for emergencies. It is very hard to get benefits converted out of electronic form, since the recipient has to fill out paperwork at the local office and has to have the coupons sent to the address where he or she is going. In a true emergency, people do not have time to go their local office before they leave.

Advocates also complain that the state is reluctant to make any changes in the system because Transactive will charge the state for changes. For example, there are problems with the phone line that have not been fixed. Callers must enter their 16 digit Primary Account Number in order to get into the system, but if they lose their card, they may not
have their number. This means that they can’t call in to report a lost or stolen card. Advocates also report that the helpline also has very long waits, but this is disputed by the state.

There is a huge discrepancy in information provided by the state and the advocate. For example, the state says the phone system is very helpful, the advocate says it is very hard to use.

**Good Practices**

- Illinois: In-person training seems to be fairly good. The state works with representatives from the Department of Aging to train elderly and the disabled, and they try to make special efforts to reach people.

**Challenges or Problems**

- Interoperability.
- Vouchers.
- Improving access to direct deposit.
- Prevention of further computer slowdowns.

**Communication between State and Advocates:** There is a quarterly advocate-state-retailer meeting, but the advocates say that not much comes out of these meetings. The state says it has good communication with local offices; the advocate says there is wide variation in practice.

**D. Maryland**

**General Description of Program**

The Maryland program was the first to go statewide. The original contract was awarded to Deluxe for statewide EBT in 1993 and expired in 1999. The new vendor is Citicorp. This contract will expire in 2002 with the option of a two-year extension. There are 128,808 households participating in the food stamp program. (FNS, 1999) The program includes food stamps, TANF, general assistance, and child support. The program is state-supervised and administered.

The original contract did not permit charges to recipients for ATM fees. The new contract allows up to 4 free ATM transactions per month. Direct deposit is an option, however, banks do not provide low-cost bank accounts that specifically cater to welfare recipients. Maryland is a member of Quest®, so recipients have access to participating
Quest® ATMs in all Quest® member states. ATMs provide all information in English and Spanish.

The transition to the new vendor required all recipients to obtain new cards, to choose new PIN numbers and to obtain training. Stores were required to replace their POS machines with new machines.

Training is compulsory for all new recipients. Recipients pick up their cards and choose their PIN numbers at the training session. They have mock ATM keypads, a video and people doing training. The phone line provides service in English and Spanish and the service is offered twenty-four hours a day, seven days a week.

If benefits are not accessed for 90 days they are moved off-line. The card is not canceled and the funds are returned to a recipient who contacts the state.

Exemption from the EBT program is not available. To accommodate homebound recipients, the state gives recipients the option of having an Authorized Representative.

Comments from State Representative: The director believes the EBT program works well. However, one of her concerns is the large number of lost cards. On average 5% to 6% of cards are replaced each month. Under the new contract, there is a $2 replacement fee.

The director believes very few people choose the direct deposit option because of high fees, high minimum balances, and poor credit history.

Comments from Advocate: The advocate believes that the EBT system works well. She is, however, concerned about the high fees charged on cash transactions and the fact that there are no low-cost bank accounts. She noted that some of the other states have legislation that requires banks to provide low-cost bank accounts. Advocates in Maryland are seeking similar legislation.

Good Practices

- Good informal communication channel between advocates and director.
- POS terminals are available at utility offices and public housing complexes so recipients can pay their bills and rent using their EBT cash benefit card.
- Interoperability.

Challenges or Problems

- Very few recipients choose to receive benefits through direct deposit.
Communication between State and Advocates: The director has a lot of formal and informal contact with advocates. She is a member of the Consumer Council, whose meetings advocates can attend. There is also an administration department whose sole purpose is to address public concerns. The advocate was satisfied with the informal communication channels available with the state.

E. Massachusetts

General Description of Program

Massachusetts started a small EBT program in 1994, and completed full rollout in 1997. The vendor is Citicorp. Food stamps and cash benefits are provided through EBT. The program is state administered.

Lockheed Martin carried out the original training, with mock ATM terminals and in-person sessions. According to the state, the sessions were not well attended, and the mock ATMs were not a cost-effective teaching tool. The state claimed that most recipients "learned by doing" when they used the POS in the grocery stores, and many may have already known how to use the ATM keypad.

The current contract was negotiated in 1996, when there was greater competition among vendors than there is now. The state seems generally satisfied with the services of the vendor. The goals of the Massachusetts EBT administration are to maintain their current quality level - they are mostly "playing around the edges" of the program, and trying not to create any new problems.

Comments from State Representative: The state director emphasized that the current contract was negotiated when vendors were competing to get an advantage in the future New York market, and that the smaller number of vendors now bidding for contracts might lead to a higher price per case month. The director believes that new and current vendors have cost information problems now, but that as cost information becomes available there may be additional vendors when more states begin to renew their contracts in 2002 - 2005.

The director emphasized that training retail clerks was as important as training recipients, and that training grocery stores took time and resources. Some merchants complained about losing food stamp business, but this may have been caused by the merchants' unwillingness to assist EBT customers with the POS terminal. The value of merchant training was the most important lesson learned from the pilot program.
**Comments from Advocate:** The Massachusetts bid request required that the new system provide accessibility equal to or better than the old system. The state confirmed this compliance with zip code information. The advocate stated that access is “decent but not ideal,” and explained that although there were numerous complaints about the helpline and small grocery POS access during rollout, these problems have been resolved.

**Good Practices/Successes**

- One-stop EBT card issuance: when recipients go to a local office to apply for public benefits, they are issued an EBT photo/signature card, trained on the system, and issued a PIN number. They receive their benefits award letter 3 days later in the mail, and the card is then activated.

- Lots of cooperation with banking community: banks agreed to provide special low-fee accounts for low-income customers; direct deposit is available and recipients can withdraw cash from any Massachusetts bank ATM without a bank ATM surcharge.

- Special outreach to the elderly SSI population: the unit in charge of this group spent extra time on outreach efforts, which resulted in a decrease in unused benefits.

- Merchant training time was well-spent, as the merchants often helped customers learn how to use the POS terminals.

**Challenges or Problems**

- In a small number of cases, local offices may use EBT information to flag out-of-state users and initiate benefit termination.

- Limited ATM access for disabled recipients.

- According to the advocate, one-third of recipients had five or more withdrawals, which provided $50,000 in fees to the EBT vendor.

**Communication between State and Advocates:** The state met with advocates before, during and after rollout, but they have not met recently. The advocates felt that the state heard their suggestions, but did not act on them. The state/advocate relationship seems respectful, though the advocate is not entirely pleased with the EBT system, especially with the amount of fees recipients pay to Citicorp, and limited ATM access for disabled recipients.

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**F. New Jersey**

**General Description of Program**

The EBT program started in 1997 and the current contract will expire in 2002. The vendor is Deluxe and the program delivers food stamp benefits and TANF cash benefits.
There are on average 154,221 food stamp recipients and 59,863 cash benefit recipients. During the first month of EBT operation, the number of recipients declined by 1% to 5%. Exemption from the EBT system is not available. The program is state-supervised and county-administered.

The contract specifies the number of ATMs required but not where they are to be located. The state is a Quest® member, so recipients can access their benefits in any other Quest® member states. The system offers three free ATM transactions per month. Stores are not allowed to charge surcharges on cash withdrawals.

Information material, training and the phone helpline is provided in English and Spanish. Some counties offer training in additional languages depending on the profile of recipients in the county. Training is compulsory for all new recipients. Recipients receive their card and PIN number at the training session. Training involves watching a video, practicing on a mock ATM pad and asking trainers questions. The phone line is available twenty-four hours a day, seven days a week.

The system rarely goes down, and when it does go down, a manual voucher system is used. Lost cards must be reported to the telephone helpline and recipients must pick up replacement cards at county offices.

If the benefits are not accessed in 60 days the card is canceled. If the state is not contacted in 90 days the funds are expunged. If the state is contacted after this period, the state will reimburse food stamp benefits but not cash benefits.

**Comments from State Representative:** The program manager says the vendor’s computer system rarely goes down. Her concerns are with the increase in the phone helpline waiting times. She says the phone line was not included as a separate item in the contract and proved to be more expensive than the vendor expected. She proposes that future contracts include the phone helpline as a separate cost item.

**Comments from Advocate:** The advocate believes that most recipients prefer the EBT system to the paper food stamp and check system. Her primary concern is that there are not enough ATMs that offer the free transactions in the areas where they are most needed. She said the total number of POS machines is sufficient, however, there are not enough large chain food stores in low-income areas.

**Good Practices**

- The state identified all homebound recipients and contacted them about the need to have an Authorized Representative.
- Training is compulsory for all new recipients.
• The state passed a law requiring all banks to provide low-cost bank accounts. This was done to encourage recipients to choose the direct deposit option for receiving their cash benefits.

• During the initial implementation period, training was offered on at least one weekend and on several nights during the week.

• Recipients who do not attend training sessions, pick up the EBT card or access their benefits for two months are sent two notices. Only after that does the state cancel their cards.

Challenges or Problems

• There are not enough ATMs that offer the free transaction option in low-income areas.

• There are not enough large chain grocery stores in low-income areas.

Communication between State and Advocates: There are no community advisory groups, however, the county has assigned a person to address all concerns. The advocate appeared to be satisfied with the communication channel between the state and advocates.

G. New York

General Description of Program

New York’s program is divided into two segments - New York City and upstate New York. In 1994 the vendor, Citicorp, began a card system (similar to but not quite EBT) for upstate grocery stores. The contract for New York City was signed in 1996, but a lawsuit filed by the check cashers (backed by Chase Manhattan, the losing bidder) delayed the pilot in New York City until 1998. Full implementation in New York City occurred in 1999. The state intends to complete full rollout for upstate by the end of 2000.

New York’s EBT system is state-supervised and locally-administered. EBT direct deposit is not offered in New York. There is a wide range of benefits administered through New York City EBT accounts, including food stamps, cash benefits, childcare reimbursements, and utility and rent payments.

Citicorp publishes implementation information on a state EBT website. Five different mailers were sent to recipients during rollout. Lockheed Martin carried out the original training, with mock ATM terminals and in-person sessions in three languages. Two training videos were prepared, which the advocate described as “not terrible, not great.” According to the advocate, the five different mailers during implementation may have caused some recipient problems, especially if one of the mailers did not arrive.
**Comments from State Representative:** There are many players in New York’s EBT system. The state offices in Albany, the two vendor/state card offices in New York City, the five local county offices in New York City, the vendor helpline and the various advocates all have different roles in EBT. There is communication among these various entities, but each entity has a different agenda. This has led to differing implementation “visions.”

**Comments from Advocate:** The advocate is concerned that some merchants may be charging for POS, even though such charges are prohibited. The advocate also believes that the EBT food stamp program has worked well, once the initial rollout problems were resolved. According to the advocate, the telephone helpline is difficult for some recipients to use, although it is the same helpline as in many other states - 19 digits are required to enter the system. Recipients who lose their card must go through a three stage, in-person process for card replacement.

**Good Practices/Successes**
- Farmers’ markets are especially important for recipients in New York City, and the EBT program has made a commitment to implement “Farm Stamps.”
- The trainers used existing community agencies/infrastructure to reach diverse language groups.

**Challenges or Problems**
- It is difficult for recipients to navigate the many levels of government involved in the New York City EBT program.
- EBT direct deposit is not available in New York City.
- There are not enough surcharge-free ATMs. In its struggle for EBT profits, Citicorp had until 1999 blocked EBT users from the NYCE ATM network, the largest in New York City. According to the advocate, 50% of recipients are paying fees every month.
- A monthly statement is not provided, so the array of automatic withdrawals makes financial management difficult for some recipients, since they can’t determine the amount and date of deposits and withdrawals.
- Disabled/special needs recipients are not given choices in the AR system. The AR gets access to 100% of the recipient’s benefits.

**Communication between State and Advocates:** The state and the advocates have an adversarial relationship; each has different perspectives on how well the program is working in New York. The state met with advocates before and during rollout and continues to meet with them.
General description of program

Texas has been an EBT state since 1994, and the contract with Transactive will end in 2001. Instead of going with Citicorp, they commissioned a study, and decided to break up their next contract. They have multiple bidders for this next contract.

Texas is very interested in using the EBT system to cut costs and reduce fraud. One major element of this program is that it relies solely on POS machines; there are no ATMs involved. There is no direct deposit, and banks are not involved in the EBT system. Retailers are reluctant to add new programs to the card because they would need to carry additional cash for the added EBT programs. As it is, retailers for the most part do not mind providing cash, because they get business from it. However, some retailers do run out of cash, reducing access.

The state has good relations with its 400 local offices. Computer systems are very efficient and the state has multiple reports on every aspect of the system. For example, the state knows immediately when a computer goes down.

There is no way to waive out of the system. Authorized Representatives are allowed, but the state will not make other concessions. Food stamp coupons are available for people leaving the state, as the system is mostly not interoperable.

Comments from State Representative and Advocate: Advocates say that there are very few major problems now, and the state is relatively responsive in fixing problems. The state does not plan to make major changes in its new contract. The only change will be that recipients will be allowed to select their own PIN numbers.

Training is done at local offices. Recipients get a packet of information and assistance in understanding the card. Since the system has been around for six years, most people understand it pretty well. The advocates agree that training is fine. Unused benefits are not tracked and people are not called if they do not use their benefits, but the state says that unused benefits are down since the introduction of the card.

Most of the problems have been worked out of the system. At first, the phone helpline was very slow, but it is better now. Advocates would like more languages beyond English and Spanish. The state says that many people who speak other languages get assistance from their neighbors or from the local welfare office if they need to call the helpline. Many people lose their cards, and this is expensive for the state. The state says it is trying to teach people how to retain their cards better.
Benefits are staggered throughout the month so that retailers are not burdened by the need for cash right at the beginning of the month. Retailers can choose to offer full cash back, partial cash back, or no cash back. The advocate said that one problem is that some small retailers may run out of cash, or not offer it. This is a problem for people reliant on smaller stores in low income neighborhoods. There is a charge for POS transactions after the first two, providing an incentive for people to withdraw large amounts of cash at one time, which poses some safety risks.

**Good Practices**

- Breaking up the next contract into three parts: central processing, retailer management, and a call center. They have received multiple bids for each service.
- A formal board that meets with representatives from the state, retailers and advocates.
- Very good at reviewing and reporting on their system. They have many detailed written reports.
- Everyone says that they are very good at bringing people into the welfare office and getting them enrolled quickly.

**Challenges or Problems**

- There is currently no ATM access. This prevents Texas from using its EBT program for other benefits such as general assistance and child support. Also, this prevents recipients from getting involved in commercial banking. The state EBT communications director said that banks are not interested in these clients.
- POS cash back may vary by store, and may be less available for low income clients reliant on smaller stores.

**Communication between State and Advocates:** Advocates serve on the state mandated Comptrollers Office Advisory Panel, and generally feel well-heard.

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**I. Washington**

**General Description of Program**

Washington rolled out its EBT system in 1998, after a failed pilot project in 1989 made the state cautious to try again. The program offers food stamps, cash benefits such as TANF, and other programs, and seems to be doing fairly well. The vendor is Citicorp and the state seems fairly happy with them. Washington is part of a consortium of six states, and one complaint is that the state has a hard time making changes, such as to its phone
helplines, because all of the states have to agree on any changes. The state has a contract with the vendor whereby the cost per case month changes depending on the caseload, so if the caseload drops, Citicorp charges more per client. The state likes it, however, because the state is only charged per client, and feels that it has better bargaining power with Citicorp.

One major complaint is that all ATM transactions have an $0.85 surcharge in addition to bank surcharges, and the state has been slow to roll out a direct deposit system, although there is a pilot in place. Recipients can use food stamps and cash benefits in the same transaction, which is useful. The state has set up special POS machines in customer service areas so recipients can check their account status before buying groceries. Many POS locations give free cash back.

Training seems to be satisfactory. It is done in person, and the state elected to have caseworkers do the training instead of Citicorp, since they had heard complaints about Citicorp. Advocates said that since people didn’t have to go to the training, many didn’t. Without going in to the office, people can’t change their PINs.

The state has good communication with local offices, and the state seems flexible and genuinely interested in making the EBT program a user-friendly system.

Accessibility is satisfactory. The state had a large map identifying all of the ATM and POS locations. Retailers have bought in. The biggest problems, from the advocate’s perspective, is that there are no free ATM transactions and no statewide direct deposit. There should be good interoperability soon, since the Primary Account Numbers should be recognized by all ATM systems participating in Quest®.

Comments from State Representative: The rollout process was highly important to the state. (See good practices, below). They tried to get the retailers and the community involved, and people seem to have accepted the system. Advocates say that there are few complaints.

Comments from Advocate: Advocates sought a waiving out provision in the state legislature. This provision didn’t pass, so it is hard to waive out from EBT. This is a burden on the elderly. The state says it tries to reach out to the elderly and the disabled, and that there are many vocal advocates who let them know how they are doing.

Good Practices/Successes

- The state has paid for POS devices to be installed at retail customer service desks so that people can practice using the EBT card or check their accounts without a long line behind them. This means that customers can check their account balances before they shop.
• Social workers have their own password line to get a live person on the 800 number, so they can get assistance quickly for a client.

• The helpline uses the ATT Call Center, so there is translation for every language. The state pays for this. Also, translators are available in most local offices. California has language issues similar to those in Washington state.

• There was a big push for buy-in. Washington had many meetings with retailers, a poster campaign, trainings at local food pantries, shelters, etc. They trained police officers, mayors, and other politicians. Washington state tried to get people on board before EBT began. Buy-in was a major problem in their failed pilot, because retailers didn’t understand the system so they didn’t want to participate. Washington state EBT staff also had many stakeholder meetings with advocates and retailers.

• There is mapping of all ATM and POS locations which accept EBT statewide.

• It is fairly easy to reach state officials and advocate or complain. There is a special 800 number to reach the state.

• Retailers were involved from the beginning.

Challenges or Problems

• There is a need to get direct deposit up and running, so people can choose a bank account as a way to avoid ATM surcharges.

• The state acknowledges that there has been more demand than expected for live operators on the telephone helpline, so there are long wait times.

• More formal communication mechanisms for advocates are needed.

Communication between State and Advocates: The state also has its own complaint line, so recipients can call the state directly if the helpline isn’t able to help them. Advocates would like to set up a more formal complaint board, since most communication is ad hoc.

J. Wisconsin

General Description of Program

Wisconsin is in the process of rollout and will be completed by October 2000. The contract is with Citicorp. The program is food stamp only and there are no realistic plans for expansion into other areas.

The phone helpline seems to be working well. There are standards in the contract that specify how long recipients can be allowed to wait for a Consumer Service Representative. The state has its own phone system, and doesn’t share with other states. They use the ATT Call Center for translation services.
Comments from State Representative: There is fairly good communication between the state and the local offices, and local offices call the state when there are problems. The caseworkers seem to be a big asset in Wisconsin. They are very accessible to recipients and even do home visits. During rollout, caseworkers receive a daily list of who has come in for training, and they call everyone who has missed appointments. They do home visits for the elderly or disabled. Caseworkers also help people when they lose their cards. Training seems to be very strong in the state - everyone has a personal appointment, watches a video, and practices on a POS machine.

Comments from Advocate: The advocate suggested that there has not been enough buy-in and that this is causing problems. Advocates are trying to offer training and information at food pantries and in other locations in the community.

Good Practices/Successes

- There is a list of who gets EBT and who has been trained. Caseworkers call everyone who hasn’t come in to bring them in for training. If a recipient is disabled or otherwise unable to come in, he or she can get the card activated over the phone, or there can be a home visit for training. Wisconsin is very effective at tracking unused benefits.
- Training is in-person. People may practice transactions.
- The state provides POS machines at customer service desks so people can check their balances before they shop.
- Waiving out is a little easier, though not encouraged. At least, it is possible.
- Interoperability with other states.
- Vouchers can be used at all farmers’ markets.
- ATT Call Center for translation services.

Challenges or Problems

- Advocates reported that they do not trust the state. A formal committee process would help.
- Better buy-in from advocates, retailers, and the community is needed.
- The use of manual vouchers is optional, so retailers do not use them. This is a problem in many states.

Communication between State and Advocates: There is a wide variation between the state and the advocate. The advocate says that relations with the state were good during the pilot program, but as problems came up, the state became defensive. The pilot program problems included the computers not recognizing people’s cards and helpline problems (customer service representatives hung up on recipients). There is no formal interaction between the state and the advocates, although the state says that they talk to the advocates and know what they want.
Another area of disagreement concerns retailers. The state says that the retailers are all on board because they get paid per transaction. The advocate says that there is a major chain that isn’t participating, which is causing an accessibility problem in the lower part of the state. The advocate says there isn’t retailer buy-in.

**K Other**

**Additional good practices from Missouri**

- The state allows people who want to stockpile their food stamp benefits to inform the state, and then the state will not freeze or remove their benefits if the account is inactive.
- Direct deposit is available for everyone.
Extracts from California's Invitation to Partner

California is one of the last states in the U.S. to implement an EBT system statewide. California issued its bid request, called the Invitation to Partner (ITP), for a statewide EBT program in August 1999 and is scheduled to award a contract in early 2001. The contract term for this procurement is seven years, with up to two renewal periods of one year each.

The program in California will be state-supervised and county-administered. Although all the counties are required to use EBT for food stamp distribution, the counties choose if they want to include cash benefits in their EBT system. The cash benefits that counties may choose to include are California Work Opportunity and Responsibility to Kids (CalWORKs), Refugee Cash Assistance (RCA/ECA) and General Assistance (GA)/General Relief (GR).

The ITP notes the objectives for the California EBT Project are:

**EBT Project Objectives**

- To provide for a more efficient and effective method of benefit delivery.
- To assure system flexibility and embrace technological advances.
- To establish a strategy providing flexibility in incorporating additional programs into EBT in the future.
- To ensure that all EBT systems within California are compatible.
- To maximize interoperability with California’s existing and future Electronic Funds Transfer (EFT) and Electronic Payment System environment, infrastructure and industry standards.
- To afford public assistance recipients the opportunity to better and more securely manage their financial affairs.
- To assist in reducing the stigma associated with the receipt and use of welfare benefits.
- To assist in fraud detection in order to reduce benefit diversion and incidents of fraud.
The ITP notes the EBT system should provide benefits to a variety of stakeholders, including:

**Benefits To Recipients**
- Reduce stigma associated with use of public assistance benefits.
- Eliminate need to wait in long lines at food stamp redemption centers.
- Reduce incidence of lost and stolen benefits.
- Bring recipients closer to the “mainstream” economy.
- Retailers: Reduce overhead costs related to handling food stamps.
- Prompt settlement of transactions.
- Increase the speed and efficiency of transactions at checkout lanes.

**Benefits To Financial Institutions**
- Eliminate processing cost associated with warrants and food stamp coupons.
- Expand use and acceptance of electronic payment systems.

**Benefits To Taxpayers**
- Increase assurance that public assistance benefits are being used appropriately.
- Increase ability to detect fraud and misuse.

**Benefits To Federal Government:**
- Reduce cost for food coupon printing, shipping, monitoring, auditing and destruction.

**Benefits To County And State Governments**
- Improve client service.
- Increase efficiency of benefit delivery processes.
- Increase ability to detect and track fraudulent benefit use.

The following is a summary of the California ITP specifications:

**ATMs:** The state requires the cash access solution to include access through ATM machines. The vendor is required to enter into an agreement with a major regional network that provides access to a majority of ATM acquirers across the state (such as STAR, CIRRUS, PLUS, or the equivalent). The state understands that inclusion of a regional network does not guarantee surcharge-free access via those ATMs.

**Account Balances and Transaction Histories:** Free 24-hour access to transaction history through the customer service center and ARU (automated response unit). ATM and POS machines need to be capable of giving balances but not necessarily free of charge. Upon request by a recipient, the vendor shall mail a two-month transaction history to the
recipient’s address within two business days. Recipients shall be able to review the last ten transactions for each program via the ARU.

**Dormant/Expunged Accounts:** Accounts to which no debits have been posted for 30 to 89 days shall be designated as dormant accounts. The vendor shall provide a monthly report identifying accounts on which no debits have been posted for 30 to 60 days. The county shall send a notice to the recipient after 60 days of inactivity notifying the recipient when the benefits will become inaccessible and how to reassess benefits. After 180 days, the benefits are moved off-line. Benefits shall be reinstated and accessible to the recipient within 24 hours of the county’s request. After 180 days off-line, the benefits may be expunged. This means food stamp benefits will be expunged on a monthly basis until the entire account has been expunged. The expunged benefits cannot be reinstated.

**POS Food Stamp Program Transactions:** No fees may be imposed on recipients for any food stamp program transactions. The receipt for a food stamp transaction must reflect the new account balance. The vendor is not required to provide POS devices solely for the purpose of balance inquiries.

**POS Cash Transactions:** Unless specifically noted, the vendor may not charge a fee to recipients for POS cash transactions. The vendor may not impose a limit on the amount of cash back per POS transaction, however the POS acquirer may place restrictions based upon store policy.

**Cash only from Cash Account:** The vendor may not impose a limit on the amount of cash withdrawal per POS transaction; however, the POS acquirer may place restrictions based upon store policy which applies equally to non-EBT customers. The state is not responsible for any surcharges imposed by a POS acquirer for cash-only transactions. The vendor may charge the account a fee for cash withdrawal transactions at an ATM or a POS after the first four transactions per month. This fee can no more than $1.00 per cash transaction. The vendor may charge no more than $0.25 per balance inquiry, but may not charge for telephone balance inquiries.

**Manual Food Stamp Transactions:** Manual transactions shall be supported only for food stamp purchases.

**ATM Transactions:** The vendor may not impose a minimum withdrawal above $20.00 or a maximum of less than $200.00. If an ATM can physically print an account balance after a withdrawal it must do so. The vendor may charge the recipient a fee for any balance inquiry transaction conducted at an ATM. The recipient may not be charged a fee by the processor for denied transactions.

**Food Stamp Benefits Conversion:** Recipients who leave the EBT project area may request to have their electronic food stamp benefits converted to food stamp coupons. The recipient must receive food coupons within one business day following the request if food stamp coupons are stored at the county welfare department and within three business days if coupons are stored at a central location.
**Hold Funds - Manual Food Stamp Transactions:** A retailer may perform a manual food stamp transaction. The retailer will obtain voice authorization from the vendor. The vendor will place a hold on the authorized funds for up to fifteen calendar days. If the manual transaction is not presented within the fifteen calendar days, the vendor shall release the hold on funds.

**Interoperability Between States:** The state is interested in achieving interoperability with other states. To foster interoperability, the vendor must comply with Quest® operating rules.

**Interoperability Between California Counties:** EBT cardholders in California should be able to use their EBT card anywhere within California. The vendor must comply with Quest® to allow interoperability within the state. Although San Bernardino and San Diego counties are non-Quest areas, the vendor has to ensure EBT cards can also be used in those counties.

When a recipient moves to a new county, the recipient will need to get a new EBT account. The old account will remain active until the benefits in it are fully consumed or expunged.

**Cards:** The account number shall be 16 to 19 digits long. The PIN number shall be four digits. There can be more than one cardholder per account. The card does not have to have a photo on it and will be a magnetic stripe card.

**Card Issuance:** The EBT card shall be issued over-the-counter at the designated locations. Homebound recipients shall receive a card in the mail and select a PIN through the customer service center (i.e. phone).

**Card Replacement/Lost cards:** Counties have the option to choose between over-the-counter replacement or mail replacement cards. Replacement cards are to be issued without a fee. However, a fee may be added in the future.

**Cardholder Training:** The state has received a waiver to allow mail-based training. Face-to-face training will be available for anyone who requests it at the time of card issuance. This will include practice on a demonstration POS machine.

**Languages for Training Material:** Training material shall be provided in languages meeting the provisions of Dymally-Alatorre Bilingual Services Act of 1973 and other languages identified by the state. The vendor must provide training materials in these required languages: English, Spanish, Cantonese, Vietnamese, Cambodian, Russian, Hmong, Armenian, Lao and Farsi. Not all counties will use all of these materials.
Acknowledgement of Advocacy Groups

In addition to speaking with directors of EBT programs in ten states, the interviews we completed with welfare recipient advocates were essential to our work. We would like to acknowledge the groups that we spoke to, and to thank them for the work they do on behalf of welfare recipients.

Inland Counties Legal Services
San Bernardino, CA

Florida Legal Services
Tallahassee, FL

National Center on Poverty Law
Chicago, IL

Massachusetts Law Reform Institute
Boston, MA

Center for Poverty Solutions
Baltimore, MD

Center for Food Action
Englewood, NJ

Community Food Resource Center
New York, NY

Center for Public Policy Priorities
Austin, TX

Columbia Legal Services
Everett, WA

The Hunger Taskforce of Milwaukee
Milwaukee, WI

Legal Aid Society
San Diego, CA
### Appendix X. Results from Written Survey

<table>
<thead>
<tr>
<th>State</th>
<th>Year contract started</th>
<th>Contractor</th>
<th>Expiration of contract</th>
<th>Programs included</th>
<th>Exemptions allowed?</th>
<th>Reports available?</th>
</tr>
</thead>
<tbody>
<tr>
<td>California Pilot-San Bernardino</td>
<td>1997</td>
<td>Deluxe</td>
<td>2002</td>
<td>FS</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Florida</td>
<td>1996</td>
<td>Citicorp</td>
<td>2003</td>
<td>TANF, FS, Refugee Assist, Child care, Direct Federal (SSI, SSA, VA, RSDI)</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Maryland*</td>
<td>1999</td>
<td>Citicorp</td>
<td>2002 with two options for 2 additional years</td>
<td>FS, TANF, GA, Child Support</td>
<td>No</td>
<td>–</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>1997</td>
<td>Citicorp (Deluxe subcontractor)</td>
<td>2003</td>
<td>TANF, FS, GA</td>
<td>No, FS, Yes, GA</td>
<td>Yes</td>
</tr>
<tr>
<td>New Jersey</td>
<td>1997</td>
<td>Deluxe</td>
<td>2002</td>
<td>FS, TANF</td>
<td>No</td>
<td>–</td>
</tr>
<tr>
<td>Texas</td>
<td>1994</td>
<td>Transactive</td>
<td>2001</td>
<td>TANF, FS</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Washington</td>
<td>1998</td>
<td>Citicorp</td>
<td>2003 with 2, 2 year extensions</td>
<td>TANF, FS, GA, Refugee Assist., Emergency Assist.</td>
<td>No</td>
<td>In process</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>1999</td>
<td>Citicorp</td>
<td>2007</td>
<td>FS</td>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>

*The Maryland program director did not return the written survey. Therefore the data for Maryland came from the phone interview with the program director and advocate and two additional websites. The web sites are: http://www.fns.usda.gov/fsp/MENU/ADMIN/EBT/statusnew.htm and http://www.dhr.sailorsite.net/EBT/merchant.htm
Appendix X. Results from Written Survey

<table>
<thead>
<tr>
<th>State</th>
<th>How many free ATM transactions per month</th>
<th>Cost for ATM transactions?</th>
<th>Cost for balance inquiries at an ATM</th>
<th>Max amount withdrawn in one transaction</th>
<th># of free POS transactions per month</th>
<th>Cost for additional POS transactions?</th>
<th>POS surcharges allowed for cash?</th>
<th>% of retailers participate in EBT</th>
<th># of Retail locations with POS in state</th>
<th>Every checkout line equipped with POS?</th>
<th>Do some ATM networks not charge clients?</th>
</tr>
</thead>
<tbody>
<tr>
<td>California Pilot-San Bernardino</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>Unlimited</td>
<td>$0</td>
<td>N/A</td>
<td>99.9%</td>
<td>Unknown</td>
<td>Yes</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Florida</td>
<td>2</td>
<td>$0.85</td>
<td>Zero if allowed by machine</td>
<td>Set by retailer or ATM owner</td>
<td>Unlimited</td>
<td>$0</td>
<td>No</td>
<td>Not Sure</td>
<td>9000</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Illinois</td>
<td>4</td>
<td>$1 per trans, max $5, plus bank surcharge</td>
<td>$0.50 surcharge allowed</td>
<td>Set by retailer or ATM owner</td>
<td>Unlimited</td>
<td>N/A</td>
<td>No</td>
<td>98%</td>
<td>Over 6,000</td>
<td>No. Based on Fed. Regulations</td>
<td>Yes</td>
</tr>
<tr>
<td>Maryland*</td>
<td>4</td>
<td>--</td>
<td>$0</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>Stores allowed to charge for cash. Contractor not allowed.</td>
<td>--</td>
<td>2941</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>4</td>
<td>$0.85</td>
<td>N/A</td>
<td>Set by retailer or ATM owner</td>
<td>Unlimited</td>
<td>$0</td>
<td>No unless consistent with other debit card customers</td>
<td>100% of FNS approved grocers</td>
<td>3900</td>
<td>Commercial Yes, EBT-only equip No</td>
<td>Yes</td>
</tr>
<tr>
<td>New Jersey</td>
<td>3</td>
<td>$0.40</td>
<td>Zero at some ATMs</td>
<td>None set by state, but may be set by banking institution or store</td>
<td>Unlimited</td>
<td>$0</td>
<td>No</td>
<td>--</td>
<td>4500</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>New York</td>
<td>4</td>
<td>$0.85</td>
<td>Zero if allowed by machine</td>
<td>Set by retailer or ATM owner</td>
<td>Unlimited</td>
<td>$0</td>
<td>No (but may be in practice)</td>
<td>78% of FNS approved grocers</td>
<td>14,555</td>
<td>Yes</td>
<td>Yes (Citibank only- 4 free trans.)</td>
</tr>
<tr>
<td>Texas</td>
<td>No ATMs used</td>
<td>N/A</td>
<td>N/A</td>
<td>3 types: Full, partial, and no cash back</td>
<td>FS- free, TANF-2</td>
<td>$1 for 3rd and subsequent TANF</td>
<td>Yes</td>
<td>99%</td>
<td>13,206</td>
<td>Almost all</td>
<td>N/A</td>
</tr>
<tr>
<td>Washington</td>
<td>N/A</td>
<td>$0.85 plus bank surcharges</td>
<td>$0</td>
<td>Varies</td>
<td>All free, but a few retailers violating rules</td>
<td>$0, typically</td>
<td>Yes</td>
<td>66.10%</td>
<td>2628 (1/00)</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>No ATMs used</td>
<td>N/A</td>
<td>N/A</td>
<td>No maximum</td>
<td>Unlimited</td>
<td>Zero</td>
<td>N/A</td>
<td>Virtually all</td>
<td>Approx. 2,600</td>
<td>No</td>
<td>N/A</td>
</tr>
</tbody>
</table>
## Appendix X. Results from Written Survey

<table>
<thead>
<tr>
<th>State</th>
<th>Training and EBT Card Logistics</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Multiple cards per household allowed?</td>
<td>In person training available?</td>
</tr>
<tr>
<td>California Pilot-San Bernardino</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Florida</td>
<td>Yes</td>
<td>Yes during rollout, No currently</td>
</tr>
<tr>
<td>Illinois</td>
<td>No</td>
<td>Yes, mandatory</td>
</tr>
<tr>
<td>Maryland</td>
<td>--</td>
<td>Yes</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>New Jersey</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>New York</td>
<td>No (AR gets own card and PIN)</td>
<td>Yes at Training Site</td>
</tr>
<tr>
<td>Texas</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Washington</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>No</td>
<td>Yes, mandatory</td>
</tr>
</tbody>
</table>
### Appendix X. Results from Written Survey

<table>
<thead>
<tr>
<th>State</th>
<th>Disabled</th>
<th>Travel</th>
<th>Dealing with Card Problems</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>California Pilot</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>San Bernardino</td>
<td>N/A</td>
<td>Yes</td>
<td>Less than 1% per month</td>
<td>In county office same day</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>In county office same day</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>After 1 year</td>
<td></td>
</tr>
<tr>
<td><strong>Florida</strong></td>
<td>No</td>
<td>Yes</td>
<td>No downtime (only slowdown during hurricane)</td>
<td>Mail - overnight to five days</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1 year after no activity</td>
<td></td>
</tr>
<tr>
<td><strong>Illinois</strong></td>
<td>No</td>
<td>Yes</td>
<td>A few cases of slowdowns, no down times</td>
<td>Local offices</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>According to Fed regs.</td>
</tr>
<tr>
<td><strong>Maryland</strong></td>
<td>–</td>
<td>Yes</td>
<td>Rarely</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>90 days taken offline. Funds never lost.</td>
<td></td>
</tr>
<tr>
<td><strong>Massachusetts</strong></td>
<td>No</td>
<td>Yes</td>
<td>No unscheduled downtime in past year</td>
<td>Local offices same day</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>FS 9 mos., CB 90 days, can be replaced</td>
<td></td>
</tr>
<tr>
<td><strong>New Jersey</strong></td>
<td>No</td>
<td>Yes</td>
<td>Rarely</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>In person at county office, after recipient called and had it cancelled</td>
<td>FS 1 year, CB 90 days</td>
</tr>
<tr>
<td><strong>New York</strong></td>
<td>Yes</td>
<td>Yes</td>
<td>No problems after first two weeks</td>
<td>Phone call, visit local office for same day service</td>
</tr>
<tr>
<td><strong>Texas</strong></td>
<td>No</td>
<td>Yes for emergency</td>
<td>5 times 1998-2000</td>
<td>By mail, occasionally at local offices</td>
</tr>
<tr>
<td><strong>Washington</strong></td>
<td>No, but alternate cardholders allowed</td>
<td>Yes</td>
<td>Never</td>
<td>Local office or through mail</td>
</tr>
<tr>
<td><strong>Wisconsin</strong></td>
<td>No</td>
<td>Yes</td>
<td>None yet. Vouchers are available</td>
<td>3 days, either in person or by mail</td>
</tr>
</tbody>
</table>
## Appendix X. Results from Written Survey

<table>
<thead>
<tr>
<th>State</th>
<th>How many languages on card help line</th>
<th>Average waiting time for a live person</th>
<th>Unused benefits determine eligibility for other programs?</th>
<th>Hours of customer service</th>
<th>Busy signal policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>California Pilot-San Bernardino</td>
<td>English and Spanish</td>
<td>0 to 3 mins</td>
<td>No</td>
<td>24-7, English and Spanish</td>
<td>No</td>
</tr>
<tr>
<td>Florida</td>
<td>2-English and Spanish</td>
<td>Seconds</td>
<td>No</td>
<td>24-7, English, Spanish, plus ATT Call Center</td>
<td>&lt;10% busy signal</td>
</tr>
<tr>
<td>Illinois</td>
<td>2</td>
<td>2 min, 30 sec.</td>
<td>No</td>
<td>24-7, all languages</td>
<td>No busy signals</td>
</tr>
<tr>
<td>Maryland*</td>
<td>English and Spanish</td>
<td>–</td>
<td>–</td>
<td>24-7</td>
<td>–</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>2-English and Spanish</td>
<td>N/A (abandoned call standard)</td>
<td>No</td>
<td>24-7, English and Spanish</td>
<td>Yes, &lt; 10%</td>
</tr>
<tr>
<td>New Jersey</td>
<td>English and Spanish</td>
<td>2 mins</td>
<td>No</td>
<td>24-7, English and Spanish</td>
<td>No</td>
</tr>
<tr>
<td>New York</td>
<td>2-English and Spanish</td>
<td>Immediate</td>
<td>No</td>
<td>24-7, English and Spanish</td>
<td>No</td>
</tr>
<tr>
<td>Texas</td>
<td>2</td>
<td>94% answered within 30 seconds</td>
<td>No</td>
<td>24-7</td>
<td>No busy signals allowed</td>
</tr>
<tr>
<td>Washington</td>
<td>Unlimited, uses ATT Call center</td>
<td>Not sure</td>
<td>No</td>
<td>24-7</td>
<td>No complaints yet</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>Any, uses ATT Call Center</td>
<td>Seconds, policy in contract with vendor</td>
<td>No</td>
<td>24-7</td>
<td>Not allowed</td>
</tr>
</tbody>
</table>
## Appendix X. Results from Written Survey

<table>
<thead>
<tr>
<th>State</th>
<th># of FS recipients in EBT in FY 1999</th>
<th># of Cash Benefit recipients in FY 1999</th>
<th>Decline in FS rates in first month of EBT?</th>
<th>Average amount per month distributed in FS in FY 1999</th>
<th>Average amount per month distributed in Cash Ben. in FY 1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>California Pilot-San Bernardino</td>
<td>55,000</td>
<td>N/A</td>
<td>less than 1%</td>
<td>$190/household</td>
<td>N/A</td>
</tr>
<tr>
<td>Florida</td>
<td>368,000</td>
<td>92,000</td>
<td>No</td>
<td>$69,000,000</td>
<td>$34,000,000</td>
</tr>
<tr>
<td>Illinois</td>
<td>450,000 (6/99)</td>
<td>140,000 (6/99)</td>
<td>No</td>
<td>$156/household</td>
<td>$194/household</td>
</tr>
<tr>
<td>Maryland*</td>
<td>128,808</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>All benefits combined $43 million</td>
</tr>
<tr>
<td>New Jersey</td>
<td>154,221</td>
<td>59,863</td>
<td>1% to 5% (2000 cases closed and did not reopen in 1st 3 counties)</td>
<td>$22,600,000</td>
<td>$18,000,000</td>
</tr>
<tr>
<td>New York</td>
<td>486,239 households</td>
<td>338,065 households</td>
<td>No</td>
<td>$375/household</td>
<td>$247/household</td>
</tr>
<tr>
<td>Texas</td>
<td>508,000 (11/99)</td>
<td>123,996 (11/99)</td>
<td>Yes</td>
<td>$102,606,528</td>
<td>$19,291,515</td>
</tr>
<tr>
<td>Washington</td>
<td>131,811 (11/99)</td>
<td>70,256 (11/99)</td>
<td>No</td>
<td>$20,632,398</td>
<td>$27,937,856</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>71,800</td>
<td>N/A</td>
<td>Still in rollout, so uncertain</td>
<td>Approx. $300 per household</td>
<td>N/A</td>
</tr>
</tbody>
</table>
## Appendix X. Results from Written Survey

<table>
<thead>
<tr>
<th>State</th>
<th>Cost per case month per client for FS</th>
<th>Cost per case month per client for cash benefits</th>
<th>Cost per case month per client for joint CB/FS</th>
<th>Caseload for FS when cost determined?</th>
<th>Caseload for CB when cost determined?</th>
<th>Ineligible retailers dropped since EBT?</th>
<th>Were startup costs included in cost per case month or separate cost?</th>
</tr>
</thead>
<tbody>
<tr>
<td>California Pilot - San Bernardino</td>
<td>1.39</td>
<td>N/A</td>
<td>N/A</td>
<td>–</td>
<td>N/A</td>
<td>A few</td>
<td>–</td>
</tr>
<tr>
<td>Florida</td>
<td>$1.0929</td>
<td>$0.7859</td>
<td>N/A</td>
<td>Combined FS &amp; CB 700,000</td>
<td>–</td>
<td>N/A</td>
<td>Separate</td>
</tr>
<tr>
<td>Illinois</td>
<td>$2.002</td>
<td>$2.002</td>
<td>$2.002</td>
<td>DNA</td>
<td>DNA</td>
<td>Yes</td>
<td>Unclear</td>
</tr>
<tr>
<td>Maryland*</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>$1.232</td>
<td>$1.538</td>
<td>N/A</td>
<td>Tiered pricing</td>
<td>Tiered pricing</td>
<td>N/A</td>
<td>Included</td>
</tr>
<tr>
<td>New Jersey</td>
<td>1.749</td>
<td>0.87</td>
<td>N/A</td>
<td>202972</td>
<td>98577</td>
<td>Not known</td>
<td>No</td>
</tr>
<tr>
<td>New York</td>
<td>$1.23</td>
<td>$1.53</td>
<td>N/A</td>
<td>Combined FS &amp; CB &gt; 1,000,000</td>
<td>–</td>
<td>N/A</td>
<td>Separate</td>
</tr>
<tr>
<td>Texas</td>
<td>$2.00</td>
<td>$0.97</td>
<td>DNA</td>
<td>1,200,000 Total for FS and CB</td>
<td>1,200,000 Total for FS and CB</td>
<td>Yes, but uncertain numbers</td>
<td>Included</td>
</tr>
<tr>
<td>Washington</td>
<td>$1.47</td>
<td>$1.29</td>
<td>$2.20</td>
<td>Tiered system changes with caseload</td>
<td>Tiered system changes with caseload</td>
<td>N ot yet</td>
<td>Separate $6 million</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>Varies depending on size of caseload</td>
<td>N/A</td>
<td>N/A</td>
<td>80,000</td>
<td>N/A</td>
<td>Too early to tell</td>
<td>Separate $1.4 million</td>
</tr>
</tbody>
</table>
Notes

1 For full list of acronyms used in this report, please see Appendix II.

2 According to the USDA, as of October 1999, 38 states had implemented EBT.

3 Oligopoly: A market which has such a small number of firms that each firm can influence the market price. Currently there are three large vendors: Citicorp, Transactive and Deluxe. Transactive has announced plans to leave the business.


5 The “Electronic Benefit Transfer Interoperability and Portability Act” was approved in February 2000 (Pub. L. No. 106-171).

6 California’s participation rate was 57%; only Alaska had a lower participation rate.

7 7 USC 2016 (i)(2)(A).

8 The bill requires counties to make this option available. Exemptions apply for counties that do not offer direct deposit for their employees. For further information, see California SB 962 (2000).


10 These come directly from the California EBT Invitation to Partner (ITP), August 3, 1999. Subsequent addenda are not included. For the complete text of the ITP, see: www.ebtproject.ca.gov/.