

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, California 95814



May 10, 2002

ALL COUNTY INFORMATION NOTICE NO. I-35-02

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: EBT POLICY ISSUES

REASON FOR THIS TRANSMITTAL

- State Law Change
- Federal Law or Regulation Change
- Court Order
- Clarification Requested by One or More Counties
- Initiated by CDSS

REFERENCE: ALL COUNTY WELFARE DIRECTORS LETTER
DATED MARCH 1, 2002

This All County Information Notice (ACIN) is being transmitted to provide background information and to clarify the intent of California Department of Social Services (CDSS) policy related to the implementation of the statewide Electronic Benefit Transfer (EBT) project. The policy decisions addressed in this ACIN have previously been included in proposed EBT regulations provided to the County Welfare Directors Association's (CWDA) Information Technology Committee and to the pilot EBT counties (Alameda and Yolo) for review and comment. The information contained herein is intended to assist county welfare departments (CWDs) in planning for the future implementation of EBT throughout the State.

Alternative methods of Cash Benefit Issuance

California EBT law {Welfare and Institutions [W&I] Code Section 10072(d)} states:

"The system shall provide for reasonable access to benefits to recipients who demonstrate an inability to use an electronic benefits transfer card or other aspect of the system because of disability, language, lack of access, or other barrier. These alternative methods shall conform to the requirements of the Americans with Disabilities Act (42 U.S.C. Sec. 12101, et seq.), including reasonable accommodations for recipients who, because of physical or mental disabilities, are unable to operate or otherwise make effective use of the electronic benefits transfer system."

As stated above, the law requires that the EBT system be designed to provide alternative methods of issuance for those recipients who **demonstrate** their inability to successfully use EBT. In response to concerns expressed by counties and recipient advocates, CDSS has identified those alternative methods to be direct deposit (recipient option), Authorized Representative/Designated Alternate Cardholder, or the continued issuance of a warrant.

Federal regulations do not allow any exemptions for EBT for food stamps. No food stamp coupons will be issued after conversion to EBT; therefore, the only alternate method for food stamps is an Authorized Representative.

For those counties opting to issue cash benefits via EBT, the Department envisions that the overwhelming majority of recipients will receive their benefits through the EBT system. However, the Department understands that circumstances will exist in which individual recipients will legitimately be unable to successfully utilize the system. In such cases, recipients should be made aware of the available alternatives. As elaborated below, a cash benefit recipient can have their benefits directly deposited into their account at their bank or credit union. If the recipient does not have a bank account, other alternatives available include a Designated Alternate Cardholder (see below) or additional training as needed. All of these alternatives should be explained to a recipient in order to enhance their success in using the EBT system. However, if all such alternatives have been explored and do not satisfy the specific needs of an individual recipient, the issuance of cash benefits via warrant may be justified.

Direct Deposit

As outlined in W&I Code Section 11006.2, recipients may elect to have their cash public assistance benefits directly deposited into their account at a financial institution of their choice. This option exists (as of December 1, 2001) in all counties offering direct deposit to employees. While recipients cannot be compelled to maintain deposit accounts at financial institutions, it is the Department's intent that recipients be aware of the option and advantages of direct deposit. In the event that a recipient expresses concerns regarding the use of EBT, direct deposit should be presented as an alternative option.

Warrants/Checks

CDSS has developed the following criteria for the continued use of warrants or checks for cash benefit issuance for recipients who demonstrate the inability to successfully use the EBT system. The vast majority of recipients legitimately unable to use EBT should either be encouraged to enroll for direct deposit, select a Designated Alternate Cardholder, or to participate in additional EBT training. It is not the Department's intent that counties exempt broad classifications of recipients from EBT participation. Recipient requests to continue receiving cash benefits via warrant issuance should be evaluated on a case-by-case basis. In those cases in which none of the alternatives referenced above is a viable solution, the county must evaluate the recipient's request using the following criteria.

Physical or Mental Incapacity or Condition

An individual who has a temporary or permanent physical or mental condition preventing them from successfully using the Automated Teller Machines (ATMs) or Point of Sale (POS) devices necessary to access benefits via EBT may receive their cash benefits via warrant issuance.

In order to qualify for warrant issuance, the individual must either have a condition that is readily apparent to the CWD or provide written verification. The written verification must be signed by a doctor or medical licensed practitioner (defined in EBT regulations currently under development).

If the CWD already possesses documentation of the disabling condition, the existing documentation can only be accepted if it supports the recipient's claim that their condition makes the use of EBT unfeasible. For example, the CWD may have a statement from a doctor exempting a recipient from Welfare to Work activities due to an injury such as a broken arm. Clearly, a broken arm does not, in itself, render an individual unable to use ATM or POS devices.

New applicants are to be given 60 days from the date of application or the date of the claim of incapacity to provide verification to the county. During the 60-day period, if no other alternative is viable (Designated Alternate Cardholder); the applicant may receive a warrant.

Other

A recipient may also continue to receive their benefits via warrant due to other barriers preventing them from successfully using EBT. Such requests may be approved by the CWD on a case-by-case basis with the understanding that all other options (additional training, direct deposit, Designated Alternate Cardholder) should be explored with the recipient.

In all cases, cash benefits are to be issued via EBT unless the recipient requests an alternative method of issuance. Prior to conversion, CWDs should inform recipients of the possibility of continued warrant issuance. Any such informing transmittals should contain information regarding the mitigation previously referenced, such as additional training, Designated Alternate Cardholders, and direct deposit.

Additional EBT Cardholders

California's EBT law provides the option for the recipient head of household/assistance unit to request that any adult household/assistance unit member be issued an EBT card and PIN to access the household/assistance unit's benefits. In addition, CDSS has determined that the head of household/assistance unit may designate one additional individual outside of the household/assistance unit to receive a card and PIN either to act as authorized representative for food stamps or as Designated Alternate Cardholder for cash benefits, or both. As referenced in the previous section, the Designated Alternate Cardholder should be a useful alternative for those recipients claiming that they are unable to use the EBT system.

Staggered Benefit Issuance

Food Stamps

Department policy requires without exception that food stamp benefits issued via EBT

be issued on a staggered basis over the first 10 calendar days each month. To provide statewide consistency, all counties must use the last digit of the case number to determine the benefit issuance date. Some counties have expressed the concern that during the conversion to EBT, some recipients may receive their benefits in consecutive months outside of the 40-day period required in food stamp regulations (Manual of Policies and Procedures Section 63-602.41).

For example:

The month prior to EBT conversion is a 31-day month (January) and the recipient receives their allotment on the first of the month (January 1st). The county converts to EBT in the following month (February 1st) and due to the change to the 10-day stagger the recipient is re-scheduled to receive their allotment on February 10th. January 1st through February 10th equals 41 days.

The United States Department of Agriculture, Food and Nutrition Service has confirmed that the 40-day clock referenced above does not start until the day following the date of issuance (January 2nd). Therefore, in the scenario above, the dates of the consecutive issuances do occur within the mandated a 40-day period and do comply with regulations.

Cash Benefits

W & I Code Section 10072 (c) mandates that CalWORKs benefits be staggered over a period of three calendar days, unless a county requests a waiver from the department and the waiver is approved, or in cases of hardship. This section further requires that recipients must have “reasonable access” to their cash benefits delivered via EBT. An element of reasonable access is the recipient’s ability to obtain such benefits on their availability date. In order to satisfy this requirement, the existing commercial infrastructure (ATMs and retailers) must be able to accommodate this need.

Without staggered cash benefit issuance, the potential exists that the commercial infrastructure will be unable to adequately satisfy the needs of recipients as well as other commercial customers due to the volume of withdrawals occurring on the first of the month. Nationally, as well as in California, commercial stakeholders (financial institutions, retailers, ATM owners, etc.) have expressed their concerns in this regard. Cash benefit staggering is a common element of EBT throughout the country and in many states a stagger period of five days or more is in effect. Through discussions with counties and recipient advocates, it was determined that a three-day stagger period would be appropriate in California.

Several rural counties have preliminarily expressed that due to the relatively small size of their caseloads, the stagger requirement is unnecessary in their counties. As stated above, counties may request a waiver from the cash stagger requirement. However, the size of a particular county’s caseload does not necessarily translate into a waiver request being approved by the State. An area with a small caseload will likely also have a proportionately small local commercial infrastructure.

Additionally, as part of the overall cash access strategy, EBT project staff and Citicorp Electronic Financial Services (CEFS, our contracted EBT vendor) are attempting to secure as many cash access locations as possible. In soliciting the participation of banks, ATM owners and retailers, the three-day stagger policy has been included as an element of cash EBT. Without the stagger requirement, these entities will be less likely to participate in EBT due to the concern that the volume of withdrawals and other EBT transactions will negatively impact their resources as well as their non-EBT customers. Losing the participation of these partners and the access they will provide would have a negative impact on statewide cash access, to the detriment of the recipients we serve. Therefore, a county's request for a waiver from the three-day cash stagger will be evaluated using, in part, the totality of the criteria discussed above.

If you have any questions or require further clarification, please contact David Badal of the Program Technology and Support Bureau, at (916) 654-1405.

Sincerely,

***Original Document
Signed By***

BRUCE WAGSTAFF
Deputy Director
Welfare to Work Division