

1997-98 SESSION  
COMMITTEE HEARING  
RECORDS

Committee Name:

Joint Committee on  
Finance  
(JC-Fi)

Sample:

- Record of Comm. Proceedings
- 97hrAC-EdR\_RCP\_pt01a
- 97hrAC-EdR\_RCP\_pt01b
- 97hrAC-EdR\_RCP\_pt02

- Appointments ... Appt
- 
- Clearinghouse Rules ... CRule
- 
- Committee Hearings ... CH
- 
- Committee Reports ... CR
- 
- Executive Sessions ... ES
- 
- Hearing Records ... HR
- 
- Miscellaneous ... Misc
- 97hr\_JC-Fi\_Misc\_pt01a\_DPR
- Record of Comm. Proceedings ... RCP
-

Joint Finance

16.505/16.515

14 Day Passive  
Reviews

6/24/96 to  
9/23/96

9/23/96  
DWD/HFS (EBT)

# STATE OF WISCONSIN

SENATE CHAIR  
BRIAN BURKE

100 North Hamilton  
P.O. Box 7882  
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ASSEMBLY CHAIR  
BEN BRANCEL

119 Martin Luther King Blvd.  
P.O. Box 8952  
Madison, WI 53708-8952  
Phone: 266-7746

## JOINT COMMITTEE ON FINANCE

September 23, 1996

Joe Leean, Secretary  
Department of Health and Family Services  
1 West Wilson Street  
P.O. Box 7850  
Madison, WI 53707-7850

Dick Wegner, Acting Secretary  
Department of Workforce Development  
201 East Washington, Room 400x  
P.O. Box 7946  
Madison, WI 53702-7946

Dear Secretaries Leean and Wegner:

This is to inform you that the members of the Joint Committee on Finance have reviewed your August 28, 1996 report pursuant to 1995 Wisconsin Act 368, which requires the Department of Workforce Development to request federal authorization to deliver food stamps and other benefits through an electronic benefits transfer (EBT) system.

After reviewing this proposal, the Joint Committee on Finance has heard no objections. Accordingly, the Departments' may proceed with implementation of the program.

Handwritten signature of Brian Burke in cursive.

BRIAN BURKE  
Senate Chair

Handwritten signature of Ben Brancel in cursive.

BEN BRANCEL  
Assembly Chair

cc: Members, Joint Committee on Finance  
Legislative Fiscal Bureau

BB:BB:al

# STATE OF WISCONSIN

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## JOINT COMMITTEE ON FINANCE

### MEMORANDUM

TO: Members  
Joint Committee on Finance

FROM: Representative Ben Brancel  
Senator Brian Burke  
Co-Chairs, Joint Committee on Finance

DATE: September 5, 1996

RE: 14 -Day Review

Attached is a report submitted by the Departments of Workforce Development (DWD) and Health and Family Services outlining the Departments' plan to implement an electronic benefits transfer (EBT) system.

1995 Wisconsin Act 368 requires the DWD to request federal authorization to deliver food stamps and other benefits through an electronic benefits transfer (EBT) system. In general, if the federal authorization is granted, the Department must begin to implement a program to deliver food stamps through an EBT system by July 1, 1999, and must implement the food stamp EBT program statewide by April 1, 2000. The Department may also implement an EBT system for other benefits.

Prior to implementing the EBT system, DWD must notify the Joint Committee on Finance of the proposed system. The Department may proceed with the implementation of the system if, within 14 working days of the notification, the Committee does not schedule a meeting to review the proposal. If a meeting is scheduled, the system may not take effect unless the Committee approves the system.

Please review the attached material and notify **Senator Burke's office or Representative Brancel's office no later than Monday, September 23, 1996**, if you have any concerns about the request or would like the Committee to meet formally to consider.

Also, please contact us if you need further information.

BB/BB/al

SEP - 4 1996

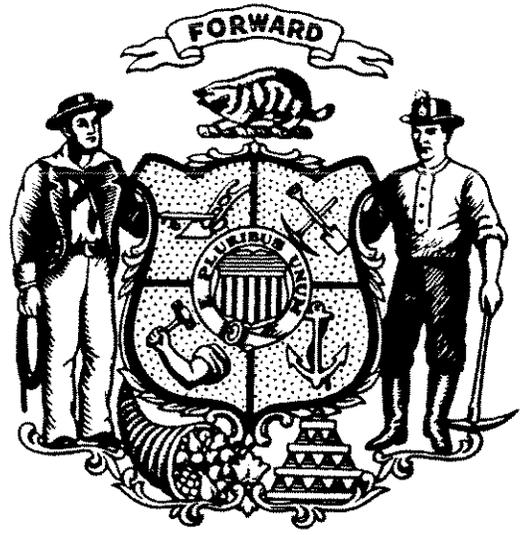
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An Act to create 49.129 of the statutes; relating to: transfer of food stamps and other governmental benefits through an electronic benefit transfer system...

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1995 WISCONSIN ACT 368

# State of Wisconsin Electronic Benefit Transfer System



Presented to:  
State of Wisconsin  
Joint Committee on Finance

Presented by:  
Joe Leraan, Secretary  
Department of Health and Family Services

Richard C. Wegner, Acting Secretary  
Department of Workforce Development

August 28, 1996



State of Wisconsin  
Department of Health and Family Services

Tommy G. Thompson, Governor  
Joe Leca, Secretary

August 28, 1996

The Honorable Brian Burke  
Joint Committee on Finance Co-Chair  
P.O. Box 7882  
Madison, Wisconsin 53707-7882

Re: 1995 Wisconsin Act 368 (Section 49.129, WISCONSIN STATUTES)

Dear Senator Burke:

The Departments of Workforce Development and Health and Family Services are notifying the Committee of the proposed implementation of an electronic benefits transfer (EBT) system. The referenced act requires that an EBT system for distribution of food stamps and other governmental benefits be implemented beginning no later than July 1, 1999.

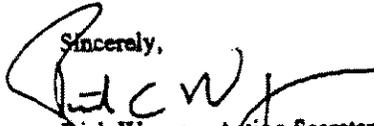
The enclosed report is in response to Section 49.129(m) of the referenced act which states: "Prior to implementing the electronic benefit transfer system under this section, the department shall notify the joint committee on finance of the proposed system." The report provides this notification by addressing the progress and decisions made jointly by the departments which relate to the provisions of the act. In addition, it includes a conceptual overview of the functionality of the EBT system.

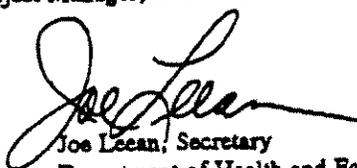
As noted in the enclosed report, preliminary information indicates the cost of the EBT system will be no greater than the cost of the current food stamp delivery system. However, as also noted therein, detailed cost information is not included since contract negotiations are currently in progress and, therefore, final pricing information is not available. The departments will use the final pricing information to prepare a joint budget request to be included in the Governor's recommendations. In the interim, the departments will keep the Legislative Fiscal Bureau advised of the progress of the negotiations and the potential impacts of EBT system costs on the budget.

The departments are currently developing an interagency agreement defining the roles and responsibilities of each in assuring that the EBT system will successfully deliver food stamps and other benefits paid by the two departments.

Finally, the departments intend to provide members of all interested committees a quarterly report on the status of project activities. In the interim, if any member has any questions about the project, they should contact Dick Mellinger, DHFS EBT Project Manager, at 266-0386.

Sincerely,

  
Dick Wegnar, Acting Secretary  
Department of Workforce Development

  
Joe Leca, Secretary  
Department of Health and Family Services

Enclosure

cc: Representative Ben Brancel, JFC



State of Wisconsin  
Department of Health and Family Services

Tommy G. Thompson, Governor  
Joe Leca, Secretary

August 28, 1996

The Honorable Ben Brancel  
Joint Committee on Finance Co-Chair  
107 South Capitol  
Madison, Wisconsin 53702-0001

Re: 1995 Wisconsin Act 368 (Section 49.129, WISCONSIN STATUTES)

Dear Representative Brancel:

The Departments of Workforce Development and Health and Family Services are notifying the Committee of the proposed implementation of an electronic benefits transfer (EBT) system. The referenced act requires that an EBT system for distribution of food stamps and other governmental benefits be implemented beginning no later than July 1, 1999.

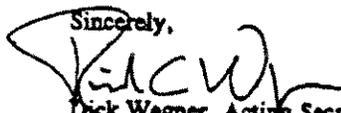
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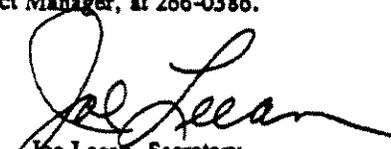
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The departments are currently developing an interagency agreement defining the roles and responsibilities of each in assuring that the EBT system will successfully deliver food stamps and other benefits paid by the two departments.

Finally, the departments intend to provide members of all interested committees a quarterly report on the status of project activities. In the interim, if any member has any questions about the project, they should contact Dick Mellinger, DHFS EBT Project Manager, at 266-0386.

Sincerely,

  
Dick Wegner, Acting Secretary  
Department of Workforce Development

  
Joe Leca, Secretary  
Department of Health and Family Services

Enclosure

cc: Honorable Brian Burke, JFC

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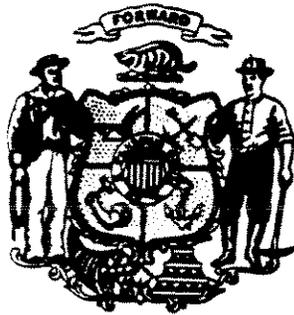
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# State of Wisconsin



1995 Senate Bill 445

Date of enactment: May 28, 1996  
Date of publication\*: June 11, 1996

## 1995 WISCONSIN ACT 368

**AN ACT** to create 49.129 of the statutes; relating to: transfer of food stamps and other governmental benefits through an electronic benefit transfer system and granting rule-making authority.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

[ENROLLING NOTE BY THE LEGISLATIVE REFERENCE BUREAU: This act is 1995 Senate Bill 445, as amended. The bill was prepared for the joint legislative council's special committee on electronic benefit transfer systems. 1995 Senate Bill 445, as initially introduced, contained a PREFATORY NOTE, which was provided by the joint legislative council. The PREFATORY NOTE was deleted from the act because amendments affected the bill.]

**SECTION 1.** 49.129 of the statutes is created to read:

**49.129 Electronic benefit transfer.** (1) **DEFINITION.** In this section, "food stamp program" means the federal food stamp program under 7 USC 2011 to 2029 or, if the department determines that the food stamp program no longer exists, a nutrition program that the department determines is a successor to the food stamp program.

(2) **DELIVERY OF FOOD STAMPS.** (a) The department shall request any necessary authorization from the secretary of the federal department of agriculture to deliver food stamp benefits to recipients of food stamp benefits by an electronic benefit transfer system.

(b) 1. Except as provided in subd. 2. and sub. (8), if the necessary authorization under par. (a) is granted, the department shall begin to implement, no later than July 1, 1999, a program to deliver food stamp benefits to recipients of food stamp benefits by an electronic benefit transfer system and shall implement the program state-

wide no later than April 1, 2000. All suppliers, as defined in s. 49.127 (1) (d), may participate in the delivery of food stamp benefits under the electronic benefit transfer system. The department shall explore methods by which nontraditional retailers, such as farmers' markets, may participate in the delivery of food stamp benefits under the electronic benefit transfer system.

2. The department need not implement a program to deliver food stamp benefits by an electronic benefit transfer system if any of the following applies:

a. The department determines that the cost of the electronic benefit transfer system would be greater than the cost of another food stamp delivery system.

b. The department determines that the state may be liable under 12 CFR 205 for lost or stolen benefits.

(3) **DELIVERY OF OTHER BENEFITS.** (a) The department shall request any necessary authorization from the appropriate federal agency to deliver benefits that are administered by the department, other than food stamp benefits, to recipients of benefits by an electronic benefit transfer system.

(b) If the necessary authorization under par. (a) is granted, and except as provided in sub. (8), the department may implement a program to deliver by an electronic benefit transfer system any benefit that is administered by the department and that the department designates by rule.

\* Section 991.11, WISCONSIN STATUTES 1993-94: Effective date of acts. "Every act and every portion of an act enacted by the legislature over the governor's partial veto which does not expressly prescribe the time when it takes effect shall take effect on the day after its date of publication as designated" by the secretary of state (the date of publication may not be more than 10 working days after the date of enactment).

(4) **DUTIES: IMPLEMENTATION.** In implementing a program to deliver benefits by an electronic benefit transfer system, the department shall do all of the following:

(a) Consult with members of the following groups:

1. Benefit recipients.
2. Advocates for benefit recipients.
3. Financial institution personnel.
4. Appropriate county, state and tribal governing body employees.

5. Persons who sell goods or services to recipients for which payment may be made by use of an electronic benefit transfer system, including, as appropriate, retailers, landlords and public utilities.

(b) Hold informational meetings at a variety of locations around the state.

(c) To the extent possible, maximize the use of existing automated teller machines and point-of-sale terminals.

(d) Authorize the use of cards that physically resemble financial transaction cards, as defined in s. 943.41 (1) (em).

(5) **STATE AGENCIES.** The department may enter into an agreement with any state agency to deliver benefits paid by that agency by an electronic benefit transfer system.

(5m) **JOINT COMMITTEE ON FINANCE REVIEW.** Prior to implementing the electronic benefit transfer system under this section, the department shall notify the joint committee on finance of the proposed system. The department may proceed with implementation of the system if, within 14 working days of the notification, the committee does not schedule a meeting for the purpose of reviewing the department's proposed system. If the committee schedules a meeting for the purpose of reviewing the proposed system, the system shall not take effect unless the committee approves the system.

## 1995 Senate Bill 445

(6) **ADMINISTRATION: CONTRACTS.** The department may enter into a contract with any financial institution, as defined in s. 705.01 (3), or other fiscal intermediary to administer a program to deliver benefits to recipients by an electronic benefit transfer system. The contract shall require the contractor to do all of the following:

(a) Provide training on the use of the electronic benefit transfer system to the persons enumerated in sub. (4) (a).

(b) Provide ongoing assistance, on a 24-hour basis, on the use of the electronic benefit transfer system.

(7) **RULES.** The department shall promulgate rules for the administration of the electronic benefit transfer system under this section. The rules shall include all of the following:

(a) The liability, and limits on the liability, of a recipient for lost benefits after the loss or theft of a card issued to the recipient under sub. (4) (d).

(b) The suspension from a program of recipients, retailers or other participants for fraudulent activity, as defined by the department.

(c) A provision for confidentiality.

(d) Measures to be taken by the department or the person with whom the department contracts under sub. (6) to ensure the security of card issuance and electronic transfer of benefits.

(8) **COUNTY PARTICIPATION: EXCEPTION.** The department may not require a county or tribal governing body to participate in an electronic benefit transfer system under this section if the costs to the county or tribal governing body would be greater than the costs that the county or tribal governing body would incur in delivering the benefits through a system that is not an electronic benefit transfer system.

## II. Introduction to Electronic Benefit Transfer (EBT)

There are four primary modules in the conceptual model of the Wisconsin EBT operation, as may be seen in the illustration at the end of this section. These modules are described below:

- ▶ **Client or Customer Service Module.** Includes client training, EBT plastic card issuance, and a 24-hour customer service help line;
- ▶ **Benefit Redemption Module.** Provides clients with access to their Food Stamp benefits through point-of-sale (POS) terminals in authorized retail food stores and to cash benefits through automated teller machines (ATMs) and through POS terminals in retail food stores and at other goods and services provider locations;
- ▶ **Settlement Module.** Includes the processes for settling with food retailers and providers of goods and services and ATM owners for the benefits issued on behalf of the government; and
- ▶ **System Management Module.** Allows the state to monitor the functioning of the EBT system.

The modules work in concert to provide an efficient and effective payment system capable of delivering any public sector benefit, including but not limited to, Food Stamps; state cash, such as AFDC or its welfare reform successor (e.g., W-2); and federal cash, such as social security and supplemental security income (SSI). A brief description of certain features of the Wisconsin EBT operation is provided below.

### Eligibility Determination

The process for determining eligibility for benefits will not be impacted by EBT. There will be an electronic interface between the automated eligibility system(s) (e.g., CARES) and the EBT services vendor for the transmittal of information needed to set up a client benefit account.

### Training

EBT training for clients will include printed materials, audiovisual media, and hands-on training, where needed. Training also will be provided for food retailers, providers of other goods and services, and local and state agency personnel.

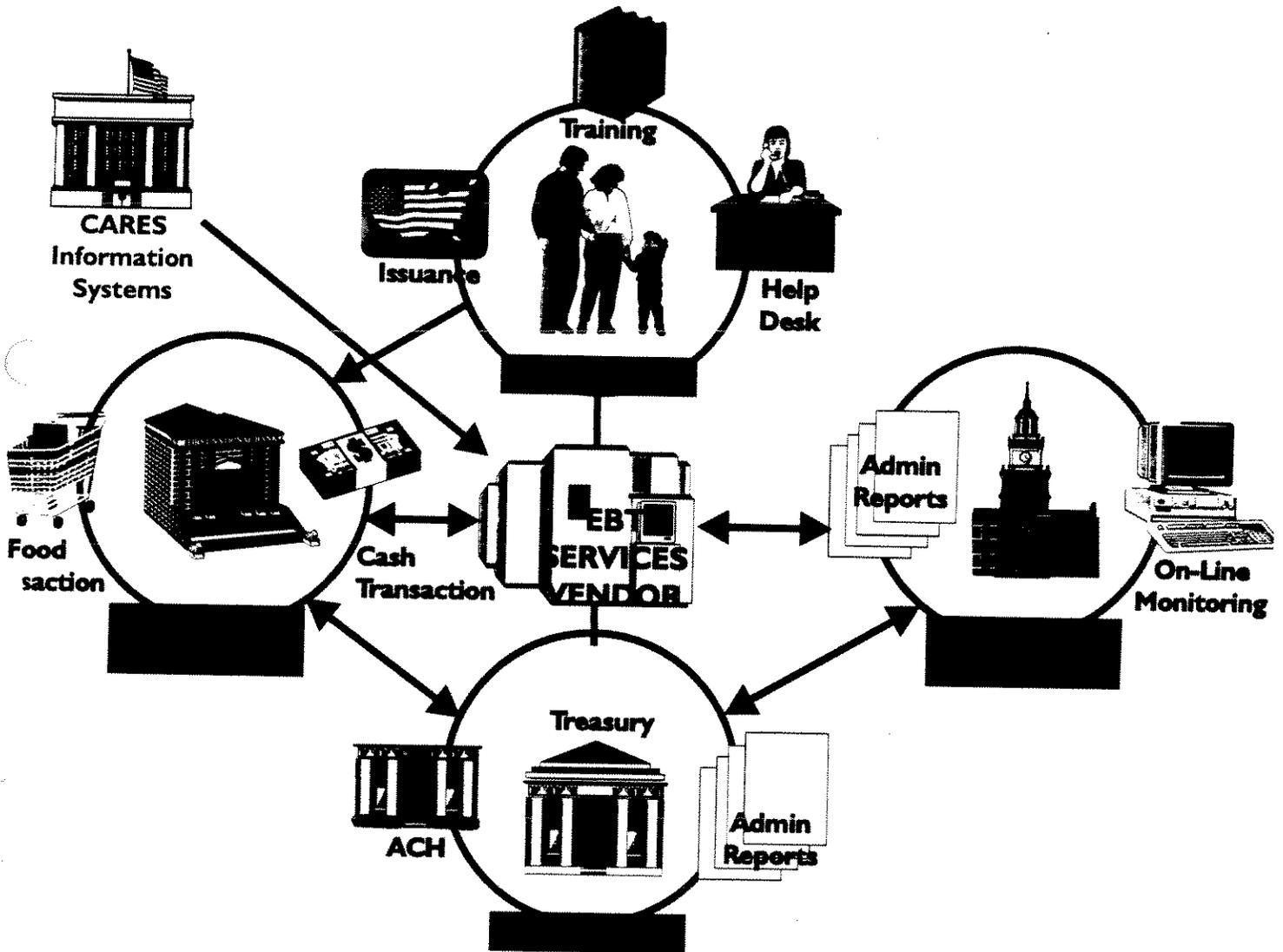
**Benefit Redemption**

Food Stamp transactions will be unchanged up to the point of the benefit exchange. The clerk will continue to separate the eligible food items and determine the amount owed. At that point, the client will swipe the EBT card through the POS terminal and enter the personal identification number (PIN). The transaction will be sent electronically to the EBT services vendor to be authorized. There will be no cash returned to the client as change from a Food Stamp transaction. Food retailers and other providers of goods and services will process cash purchase and withdrawal transactions in a similar fashion. Cash withdrawals at ATMs will occur in the same manner as a non-EBT debit transaction.

**Settlement**

The outlets which are issuing benefits on behalf of the government will be reimbursed through commercial settlement processes on a next-day basis.

# WISCONSIN EBT OPERATION: CONCEPTUAL MODEL



### III. Wisconsin EBT: Project Update and Summary Responses

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(2) DELIVERY OF FOOD STAMPS. (a) The department shall request any necessary authorization from the secretary of the federal department of agriculture to deliver food stamp benefits to recipients of food stamp benefits by an electronic benefit transfer system.

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**STATUS:**

On March 1, 1996, the Wisconsin Department of Health and Social Services (DHSS) submitted an Advance Planning Document (APD) for Electronic Benefit Transfer (EBT) system planning to the Food and Consumer Service (FCS), U.S. Department of Agriculture. The submittal of an APD and the receipt of prior written approval is recommended prior to the authorized expenditure of Federal funds for EBT system planning.

The DHSS received a letter of approval from the FCS dated May 7, 1996, authorizing the expenditure of FCS funds to proceed with EBT system planning to deliver Food Stamp benefits (Appendix A). This approval applies to the joint efforts of the Departments of Health and Family Services and Workforce Development.

(2) DELIVERY OF FOOD STAMPS. (b) 1. Except as provided in subd. 2. and subd.(8), if the necessary authorization under par. (a) is granted, the department shall begin to implement, no later than July 1, 1999, a program to deliver food stamp benefits to recipients of food stamp benefits by an electronic benefit transfer system and shall implement the program statewide no later than April 1, 2000....

**STATUS:**

The departments plan to implement the Wisconsin EBT system during calendar year 1998, after the Wisconsin Works (W-2) program is implemented. The table below presents major milestones and the current project schedule.

<b>WISCONSIN EBT PROJECT: PRELIMINARY SCHEDULE AND MILESTONES</b>			
<b>Milestone</b>	<b>Date</b>	<b>Milestone</b>	<b>Date</b>
Minnesota RFP Issued	1/8/96	MN-WI Joint Contract Negotiations	9/16-20/96 <sup>1,2</sup>
Wisconsin Addendum Issued	2/9/96	MN Executes Contract	10/1/96 <sup>1</sup>
Proposal Deadline	4/8/96	WI State-specific Negotiations	10/15/96 - 11/15/96 <sup>1,2</sup>
Minnesota Vendor Selection	6/28/96	WI Executes Contract	12/1/96 <sup>1,2</sup>
Wisconsin Notice of 'Intent to Contract'	7/3/96	WI EBT System Design & Development Phases	1/1/97 - 12/31/97 <sup>1</sup>
MN-WI Joint Contract Negotiations	8/7/96-9/6/96 <sup>2</sup>	WI EBT System Implementation Phase	1/1/98 - 12/31/98 <sup>1,3</sup>
MN State-specific Negotiations	9/9-10/96 <sup>1,2</sup>		

<sup>1</sup>Estimated.

<sup>2</sup>The RFP specifies WI contract date will be 'no later than' 10/97.

<sup>3</sup>1995 Wisconsin Act 386 requires EBT system implementation must begin no later than 7/99 and be completed prior to 4/2000.

(2) DELIVERY OF FOOD STAMPS. (b) 1.... All suppliers, as defined in s. 49.127(1)(d), may participate in the delivery of food stamp benefits under the electronic benefit transfer system. The department shall explore methods by which nontraditional retailers, such as farmers' markets, may participate in the delivery of food stamp benefits under the electronic benefit transfer system.

**STATUS:**

The EBT RFP requires the vendor to encourage nontraditional retailers, such as farmers markets, to participate in the EBT system. In addition, the departments intend to consult with the nontraditional retailers during meetings to be held statewide during the system design phase. The purpose of the consultation is to identify and eliminate barriers to the participation of these retailers.

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(2) DELIVERY OF FOOD STAMPS. (b) 2. The department need not implement a program to deliver food stamp benefits by an electronic benefit transfer system if any of the following applies:

a. The department determines that the cost of the electronic benefit transfer system would be greater than the cost of another food stamp delivery system...

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**STATUS:**

Preliminary information indicates the cost of the EBT system certainly will be no greater than the cost of the current Food Stamp delivery system. However, detailed cost information is not available at this time, since contract negotiations are currently in progress and, therefore, final pricing information is not available.

The departments will use the final pricing information to prepare a joint budget request for 1997-99. In the interim, the departments will keep the Legislative Fiscal Bureau advised of the progress of the negotiations and the potential impacts of EBT system costs on the budget.

*[(2) DELIVERY OF FOOD STAMPS. (b) 2. The department need not implement a program to deliver food stamp benefits by an electronic benefit transfer system if any of the following applies...]*

b. The department determines that the state may be liable under 12 CFR 205 for lost or stolen benefits.

**STATUS:**

The Electronic Fund Transfer Act (15 U.S.C. § 1693; the "Act") establishes a framework of rights, liabilities and responsibilities of participants in electronic fund transfer systems. The Act is implemented by Regulation E (12 CFR Part 205) issued by the Board of Governors of the Federal Reserve System (the "Board"). The Board of Governors of the Federal Reserve System had previously ruled that the Electronic Fund Transfer Act (15 U.S.C. § 1693), as implemented by Regulation E (12 CFR Part 205), applied to electronic benefit transfer systems.

The Legislative Council's Special Committee on Electronic Benefit Transfer System identified the State's potential liability for lost or stolen benefits as a fiscal risk to the implementation of an electronic benefit transfer system in Wisconsin. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Conference Agreement on HR 3437) removes the assignment of Regulation E liabilities to electronic benefit transfer systems designed to deliver Food Stamp and other benefits to eligible program recipients.

(3) DELIVERY OF OTHER BENEFITS. (a) The department shall request any necessary authorization from the appropriate federal agency to deliver benefits that are administered by the department, other than food stamp benefits, to recipients of benefits by an electronic benefits transfer system.

(b) if the necessary authorization under par. (A) is granted, and except as provided in sub. (8), the department may implement a program to deliver by an electronic benefit transfer system any benefit that is administered by the department and that the department designates by rule.

#### STATUS:

On March 1, 1996, the Wisconsin Department of Health and Social Services (DHSS) submitted an Advance Planning Document (APD) for Electronic Benefit Transfer (EBT) system planning to the Administration for Children and Families (ACF), U.S. Department of Health and Human Services. The submittal of an APD and the receipt of prior written approval is recommended prior to the authorized expenditure of Federal funds for EBT system planning.

The DHSS received a letter of approval from the ACF dated May 31, 1996, authorizing the expenditure of ACF funds to proceed with EBT system planning to deliver Aid to Families with Dependent Children (AFDC) benefits (Appendix A). This approval applies to the joint efforts of the Departments of Health and Family Services and Workforce Development.

Upon initial implementation, the Department of Workforce Development (DWD) plans to convert benefit payments for the following programs to the EBT system:

- Food Stamp Program; and
- Aid to Families with Dependent Children (AFDC) and Wisconsin Works (W-2).  
[NOTE: Since AFDC is scheduled to be replaced by W-2 in September 1997, cash benefits distributed under EBT in 1998 would be state-issued payments to persons under W-2.]

Wisconsin has also identified the following programs for possible conversion to EBT:

- Supplemental Security Income (State Supplement);
- Refugee Assistance Program;
- Special Supplemental Nutrition Program for Women, Infants and Children (WIC);
- Child Support Enforcement, non-custodial parent and pass-through payments; and
- Unemployment Insurance.

The departments will designate by Administrative Rule other state-administered benefit programs to be converted to the EBT system prior to their future conversion.

- (4) DUTIES: IMPLEMENTATION. In implementing a program to delivery benefits by an electronic benefit transfer system, the department shall do all of the following:
- a. Consult with members of the following groups:
    1. Benefit recipients.
    2. Advocates for benefit recipients.
    3. Financial institution personnel.
    4. Appropriate county, state and tribal governing body employees.
    5. Persons who sell good or services to recipients for which payment may be made by use of an electronic benefit transfer system, including, as appropriate, retailers, landlords and public utilities.

#### STATUS:

The organizational chart below depicts the EBT project and management structure, including the following key components:

- Executive Oversight
- External Stakeholder Workgroups; and
- Internal Workgroups

#### Executive Oversight

Executive oversight for the electronic benefit transfer (EBT) system will be provided by an EBT Steering Committee, consisting of executives from the Departments of Health and Family Services, Workforce Development, and Administration, and the Offices of the Governor and State Treasurer. The Multi-Application Card Technology Work Group, sponsored by the Governor's Office, also provides an opportunity to share information about the possible uses of card and EFT technologies with other Wisconsin government agencies and departments.

#### External Stakeholder Workgroups

External stakeholders are those individuals, organizations and industries outside government who will be impacted, either directly or indirectly, by the implementation of an EBT system in Wisconsin. The following five external stakeholder workgroups will be named to provide input into EBT system design decisions and evaluation:

- ▶ EBT Recipients;
- ▶ Authorized Food Stamp Retailers;
- ▶ Local Governments;

- ▶ Banks and Financial Services Providers; and
- ▶ General Merchandise and Service Providers.

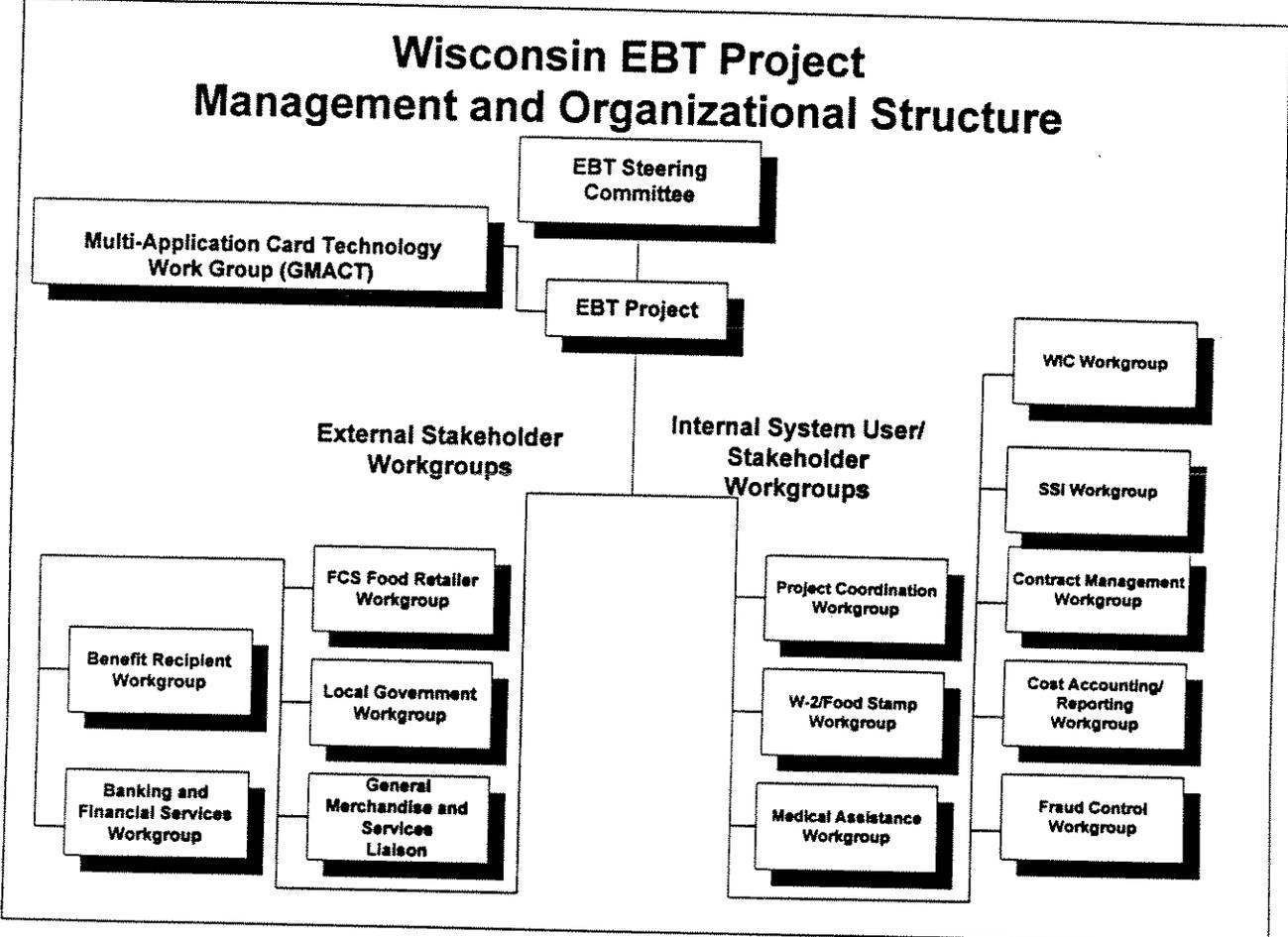
### **Internal Workgroups**

Internal stakeholders are staff of the Departments of Health and Family Services, Workforce Development, and Administration and the Office of the State Treasurer who are currently involved in the delivery, accounting, reconciliation and reporting of Food Stamp; Special Supplemental Nutrition Program for Women, Infants, and Children (WIC); and cash benefits whose job responsibilities will be affected by implementation of an EBT system. A total of eight internal stakeholder groups has been identified to ensure effective communication and coordination of EBT system design and development activities:

- ▶ Project Coordination Workgroup;
- ▶ W-2/Food Stamp Workgroup;
- ▶ Medical Assistance Workgroup;
- ▶ WIC Workgroup;
- ▶ SSI Workgroup;
- ▶ Contract Management Workgroup;
- ▶ Cost Accounting/Reporting Workgroup; and the
- ▶ Fraud Control Workgroup.

### **Time Frames for Workgroup Activities**

The organization of the external and internal stakeholder workgroups is currently underway. The initial series of meetings with the workgroups will be held over the next three months. This first phase will involve consultation regarding system design decisions to be included in the contract negotiations with the selected EBT services vendor. The second phase will extend through the implementation period (i.e., the end of calendar year 1998). That phase will include participation by the EBT services vendor. Its focus will be input into and information sharing about the actual system design, development and implementation activities.



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*[(4) DUTIES: IMPLEMENTATION. In implementing a program to delivery benefits by an electronic benefit transfer system, the department shall do all of the following:...]*

(b) Hold informational meetings at a variety of locations around the state.

---

**STATUS:**

The departments are committed to conducting meetings statewide to obtain external stakeholder comments and suggestions related to EBT system design, development and implementation. These meetings will be held in two (2) phases. Phase I will involve consultation with members of the External Stakeholder Workgroups identified within the overall EBT project structure. Phase II will encompass community-wide informational meetings involving benefit recipients, advocacy groups and the general public.

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*[(4) DUTIES: IMPLEMENTATION. In implementing a program to delivery benefits by an electronic benefit transfer system, the department shall do all of the following:...]*

(c) To the extent possible, maximize the use of existing automated teller machines and point-of-sale terminals.

---

**STATUS:**

The departments are requiring the selected vendor to provide an EBT system built on the existing commercial debit card infrastructure. The EBT RFP includes the following requirements supporting this approach:

- ▶ All Food Stamp retailers must be allowed to participate in the EBT system. Those retail food stores with existing commercial point-of-sale (POS) terminals will be able to send both Food Stamp and cash benefit transactions to the vendor for processing. The vendor also must coordinate a marketing campaign to encourage non-POS stores to acquire commercial POS services through which EBT transactions may be processed. EBT-only POS devices will be installed by the vendor for those food retailers who do not have commercial POS services.
- ▶ All ATM owners will be encouraged to participate in the EBT system. If the vendor or the departments determine that certain areas lack adequate ATM access, they will work with ATM owners to place machines in those areas.
- ▶ All goods and services providers with commercial POS services will be encouraged by the vendor to participate in the EBT system to allow cash purchases and/or withdrawals. If necessary to assure adequate benefit access, the vendor will install EBT-only POS devices in selected provider locations.

*[(4) DUTIES: IMPLEMENTATION. In implementing a program to delivery benefits by an electronic benefit transfer system, the department shall do all of the following:...]*

(d) Authorize the use of cards that physically resemble financial transaction cards, as defined in s. 943.41 (1) (em).

**STATUS:**

The departments have committed to using the Medical Assistance (MA) card for EBT. The use of the MA card was included as a requirement in the RFP. The EBT services vendor must assure that the MA card complies with the financial transaction card standards set by the International Standards Organization (ISO) and American National Standards Institution (ANSI). In other words, the card will look and function like a financial transaction card when being used to access Food Stamp and cash benefits.

(5) STATE AGENCIES. The department may enter into an agreement with any state agency to deliver benefits paid by that agency by an electronic benefit transfer system.

**STATUS:**

As stated in the transmittal letters, the Department of Health and Family Services will enter into an interagency agreement with the Department for Workforce Development to deliver benefits paid by that agency by the EBT system.

(6) ADMINISTRATION CONTACTS. The department may enter into a contract with any financial institution, as defined in s. 705.01(3) or other fiscal intermediary to administer a program to deliver benefits to recipients by an electronic benefit transfer system. The contract shall require the contractor to do all of the following:

(a) Provide training on the use of the electronic benefit transfer system to the persons enumerated in sub. (4) (a).

**STATUS:**

The RFP requires the selected vendor to provide a comprehensive Training Plan during the EBT system Design Phase and to provide a wide array of training services for benefit recipients, local agency staff, FCS-authorized Food Stamp retailers, financial institutions and other merchants interested in EBT. Training services are to be provided throughout the contract; the vendor must revise and update training materials and the video as required to reflect EBT system changes and enhancements. The table below represents the types of training services to be provided each stakeholder group.

Stakeholder Group	Training Services
Benefit Recipients	Training materials: written materials, training video. Optional Service: classroom training for conversion and ongoing. Languages: English, Spanish, Hmong, Laotian, Vietnamese, Cambodian, Russian. Training must comply with ADA requirements; training video must be close captioned for the hearing impaired. Topics: EBT at POS/ATM; safeguarding PIN; card replacement and PIN changes; manual Food Stamp transaction procedures; benefit availability dates; problem reporting; tracking account balances; personal security; service fees; ARU/Customer Service; direct deposit.
Local Agency Staff	Training materials. Topics: recipient training; installation, operation and use of administrative/POS equipment; EBT administrative system functionality; dispute resolution procedures; system security and access control; recipient/retailer ARU and Customer Service.
Retailers/Merchants/Financial Institutions	Retailer Training Plan required. Topics: POS equipment technical training; POS messages; manual Food Stamp procedures; reversals, adjustments and corrections; reconciliation and settlement; and retailer ARU/ Customer Service.

*[(6) ADMINISTRATION CONTACTS. The department may enter into a contract with any financial institution, as defined in s. 705.01(3) or other fiscal intermediary to administer a program to deliver benefits to recipients by an electronic benefit transfer system. The contract shall require the contractor to do all of the following:...]*

(b) Provide ongoing assistance, on a 24-hour basis, on the use of the electronic benefit transfer system.

**STATUS:**

The RFP requires the selected vendor to provide ongoing assistance on a 24-hour per day, seven days per week basis to benefit recipients, department staff, and retailers in the use of the EBT system. The following two (2) types of services are required:

1. Automated Response Unit (ARU). The ARU responds initially to all incoming recipient customer calls, prompting the caller to indicate the use of a touch-tone telephone and the required assistance. The ARU prompts in both English and Spanish; the ARU automatically transfers the call to the Recipient Customer Service Center upon receiving no or a delayed response and when "Customer Service Representative" is selected by the caller. The ARU provides information in response to current balance inquiries and transaction history inquiries.
2. Customer Service Unit. The Customer Service Unit provides personalized responses to recipient calls for assistance. Customer Service Representatives(CSRs) access translator services for non-English speaking recipients. CSRs follow procedures described in the Customer Service Procedures Manual (department approved) to identify the caller. Customer Service Unit functions include responding to reports of a Lost/Stolen card; current balance inquiries; transaction history inquiries; request for account history; request for card replacement; request for PIN change; report of unauthorized card use; benefit availability inquiries; and disputes.

(7) RULES. The department shall promulgate rules for the administration of the electronic benefit transfer system under this section. The rules shall include all of the following:

- (a) The liability, and limits on the liability, of a recipient for lost benefits after the loss or theft of a card issued to the recipient under sub. (4) (d).
- (b) The suspension from a program of recipients, retailers, or other participants for fraudulent activity, as defined by the department.
- (c) A provision for confidentiality.
- (d) Measures to be taken by the department or the person with whom the department contracts under sub. (6) to ensure the security of card issuance and electronic transfer of benefits.

#### STATUS:

The Department of Workforce Development (DWD) will issue the administrative rule for the EBT project, as required by legislation for Food Stamp benefits and cash benefits under the Aid to Families for Dependent Children (AFDC) program or the payments to participants in the Wisconsin Works (W-2) program. Other departments may need to issue administrative rules if additional benefits are to be added to the EBT system in the future.

DWD will work closely with the Department of Health and Family Services (DHFS) to develop administrative rules covering the issues identified in the legislation. The departments will seek input from the external EBT stakeholder work groups to identify issues that need to be addressed by rule and how the rules can address the concerns of the different stakeholders in EBT. In developing the administrative rules, the departments will also research other states which have EBT administrative rules in place.

The rule promulgation process requires that DWD prepare its proposed rule by January of 1997 in order to ensure having it in place for January 1, 1998 implementation. As the EBT work groups will start up in September 1996, this will allow an opportunity for input both prior to and during the rule promulgation process. Interpretations will be required in the following areas:

- ▶ Replacement of lost, stolen or destroyed cards and PIN numbers, including whether fees may be charged to recipients for the replacement of cards or PIN numbers.

- ▶ Liability for benefits due to the theft or loss of the card, situations where recipients are forced to withdraw benefits against their will, and situations where account balances or access is compromised by vendor action or fraud perpetrated against recipients or their accounts.
- ▶ Confidentiality issues, including confidentiality as to the status of a benefit recipient account; confidentiality of cards and PIN numbers, including how PIN numbers may be used to authorize transactions, such as payments to service providers (i.e., utilities, housing authorities, etc.); and confidentiality provisions for EBT data held by the EBT vendor.
- ▶ Security of card issuance and electronic benefit transfer of benefits, including actions by the EBT vendor.

Many of these provisions will be addressed in the contract with the vendor. Rules will be issued as necessary to specify state policies in these areas and clarify the authority of the departments to enforce these policies.

(8) COUNTY PARTICIPATION: EXCEPTION. The department may not require a county or tribal governing body to participate in an electronic benefit transfer system under this section if the costs to the county or tribal governing body would be greater than the costs that the county or tribal governing body would incur in delivering the benefits through a system that is not an electronic benefit transfer system.

**STATUS:**

The initial implementation of EBT will apply to Food Stamp and Aid to Families with Dependent Children (AFDC) benefits and payments to participants in the Wisconsin Works (W-2) program. Under the current system of coupon and check issuances for Food Stamp and AFDC benefits, respectively, the state issues all benefits centrally. Local agencies, including counties and tribal agencies, determine eligibility for benefits and handle recipient inquiries about their benefits. In some areas, Food Stamps are delivered by the state to local agencies for pickup by recipients.

The departments are committed to meeting the requirement in the legislation that local agencies not incur additional costs in implementing EBT for Food Stamp and W-2 payments. The state will support the cost of the EBT vendor contract, including the issuance of cards, and local agencies will continue to receive funding to cover the costs of determining eligibility and handling ongoing case maintenance for Food Stamp recipients and W-2 recipients. The EBT contract will include a requirement that the vendor operate a call center to handle recipient inquiries about their account balances and use of their card.

The departments are committed to meeting the requirement that local agencies not incur increased costs as plans are made to convert additional benefits to EBT.

**Appendix A.  
Food and Consumer Service, U.S. Department of Agriculture:  
Approval Letter for Wisconsin's Advance Planning Document  
for Electronic Benefit Transfer System Planning**



United States  
Department of  
Agriculture

Food and  
Consumer  
Service

3101 Park Center Drive  
Alexandria, VA  
22302-1500

MAY 07 1996

Mr. Richard W. Lorang  
Deputy Secretary  
State of Wisconsin  
Department of Health and Social Services  
1 West Wilson Street  
P.O. Box 7850  
Madison, Wisconsin 53707-7850

Dear Mr. Lorang:

This letter constitutes approval of Wisconsin's Electronic Benefits Transfer (EBT) Planning APD submitted March 6, 1996, and revised April 30, 1996. The Food and Consumer Service (FCS) approves your budget of \$288,700 for the 15 month EBT planning phase beginning March 1, 1996.

We also approve your proposed cost allocation plan of 35 percent for food stamps, 35 percent for AFDC, 10 percent Medical Assistance, 10 percent for WIC, and 10 percent for State SSI. Based on this information, the FCS dollar share will be \$80,590. This plan is based on the relative level of planning activities in each program during the planning stage of the process. We are approving this methodology with the understanding that your approach will be modified as part of the State's Implementation Advanced Planning Document (IAPD), to reflect an allocation based on caseload distribution or some other approved quantitative measure.

We are pleased that your State is taking steps toward the implementation of an EBT system. Both my staff and the staff of the Midwest Regional Office (MWRO) are ready to help in any way possible. If you have any questions, please call Lizbeth Silbermann at (703) 305-2517, or Tim English from MWRO at (312) 353-1478.

Sincerely,

*Suzanne M. Fecteau*

*for* Thomas O'Connor  
Director  
Benefit Redemption Division

*Intro*  
MAY 13 1996

**Appendix A.  
Administration for Children and Families (ACF),  
U.S. Department of Health and Human Services:  
Approval Letter for Wisconsin's Advance Planning Document for  
Electronic Benefit Transfer System Planning**



DEPARTMENT OF HEALTH & HUMAN SERVICES

ADMINISTRATION FOR CHILDREN AND FAMILIES  
370 L'Enfant Promenade, S.W.  
Washington, D.C. 20447

MAY 31 1996

Mr. Richard Lorang  
Deputy Secretary  
Department of Health and Human Services  
1 West Wilson Street  
P.O. Box 7850  
Madison, WI 53707-7850

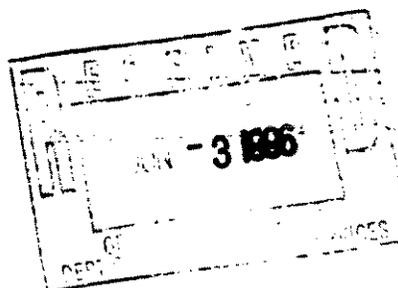
Dear Mr. Lorang:

The Administration for Children and Families (ACF) and the Health Care Financing Administration (HCFA) have reviewed your March 6, 1996 letter and the enclosed Planning Advance Planning Document (PAPD) for Wisconsin's Electronic Benefit Transfer (EBT) project. The Department of Health and Human Services (DHHS) approves this PAPD and project funding of \$288,700 for the 15 month EBT planning phase beginning March 1, 1996.

ACF and HCFA will share Federal Financial Participation (FFP) in the planning costs for this project as follows:

Project Funding				\$288,700
Program	Share	Amount	FFP	FFP Amount
IV-A AFDC	35%	\$101,045	50%	\$ 50,523
XIX HCFA	10%	\$ 28,870	50%	\$ 14,435

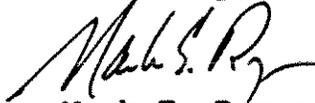
The State will be required to submit, for DHHS approval, a revised cost allocation plan for the development and implementation phases of this project. This revised cost allocation plan must be based on caseload distribution or another quantitative measure.



Page 2 - Mr. Richard Lorang

If you have any questions concerning this subject, please contact me or Joseph F. Costa on (202) 401-6414.

Sincerely,



Mark E. Ragan  
Director  
Office of State Systems

Reference: 031996WI

cc: Ms. Colleen Daly, DSSA/ACF  
Ms. Lavinia Limon, Director, OFA/ACF  
Mr. Norm Thompson, Director, OPS/ACF  
Mr. James Dunnigan, HCFA  
Mr. Jeff Cohen, EBT Director, FCS/USDA  
Mr. David Temoshok, Acting Director, Federal EBT Task Force  
HHS Region V  
Regional Administrator, ACF  
Associate Regional Administrator, Div. of Medicaid, HCFA  
Regional Financial Management Officer, FNS, USDA  
Mr. Chris Beavers, FNS, USDA