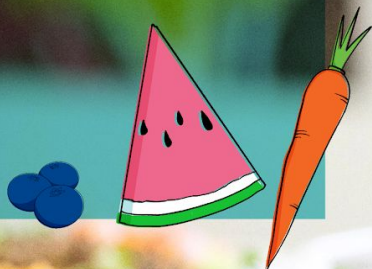# SUMMER NUTRITION SUMMIT

DECEMBER 9-10, 2024

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EBT Essentials

Key Concepts and Current Trends in Summer-EBT

Summer Nutrition Summit 2024

Introductions

Ellen Thompson

EBT Community Council – Treasurer

Associate Managing Director
Maximus, Inc

Amy Duncan

EBT Community Council – President

Vice President
CDP, Inc

What is the EBT Community Council

Our Mission:

- The EBT Community Council convenes government and industry stakeholders to actively contribute to a sustainable and forward-looking approach to ideas and technologies affecting electronic payments of government benefits to program recipients.

- We are a nonprofit group dedicated to making the continued use of electronic payments in the delivery of government payments a success.

We bring the EBT industry together to share information through:

- Hosting monthly calls for the community

- Producing papers that explain facets of the EBT world

- (In the future) Convening an annual conference focused on EBT

Agenda

- EBT Background & History
- How Does EBT Work?
- EBT Trends Impacting Summer EBT
- Summer EBT Observations

EBT
Background & History

What is EBT?

- A benefit delivery method that allows program participants to access their benefits electronically

- The automation of benefit authorization, delivery, redemption, and settlement processes

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EBT History – The Vision

Efficient access to government benefits + services
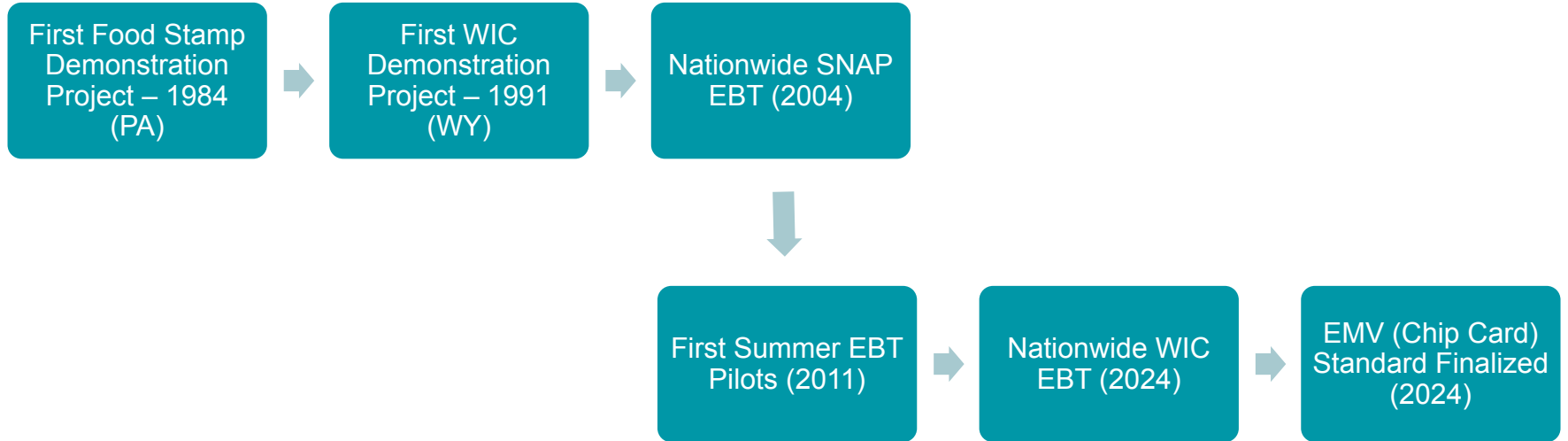
Eliminate paper checks and vouchers

Enhance client dignity through commonly used technology

Single access point to multiple programs (where appropriate)

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EBT History Highlights

First Food Stamp Demonstration Project – 1984 (PA) → First WIC Demonstration Project – 1991 (WY) → Nationwide SNAP EBT (2004)

↓

First Summer EBT Pilots (2011) → Nationwide WIC EBT (2024) → EMV (Chip Card) Standard Finalized (2024)

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How Does EBT Work?

Systems Involved in EBT

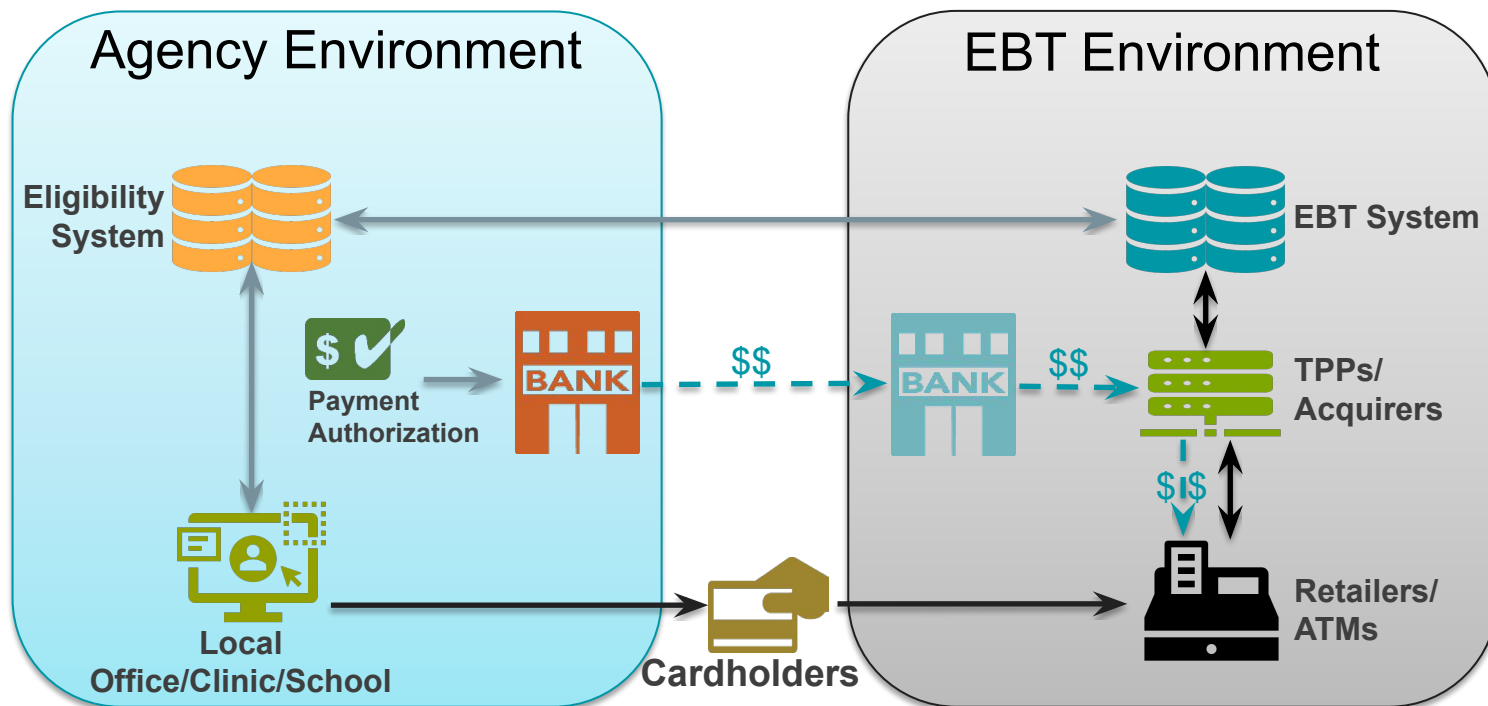| Eligibility Systems	• Determine program eligibility and benefit amounts • Transmit demographic and benefit data to EBT system
EBT Systems	• Maintain EBT accounts, cards & benefits • Processes EBT transactions • Determine retailer daily payments
Third Party Processors / Acquirers	• Move EBT transaction data between retailers and EBT processors
Retail Systems/ Access Points	• Used to redeem EBT benefits (in-store, online, or at an ATM) • Transmit EBT transactions for processing
Banking Systems/ Networks	• Support the transfer of funds from State Agencies to EBT processors and from EBT processor to retailers

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Systems Involved in EBT

Agency Environment

Eligibility System

Payment Authorization

BANK

Local Office/Clinic/School

Cardholders

EBT Environment

EBT System

$$

BANK

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TPPs/ Acquirers

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Retailers/ ATMs

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EBT System Core Functions

ACCOUNT MANAGEMENT

BENEFIT MANAGEMENT

TRANSACTION PROCESSING

CARD MANAGEMENT

SETTLEMENT AND RECONCILIATION

REPORTING
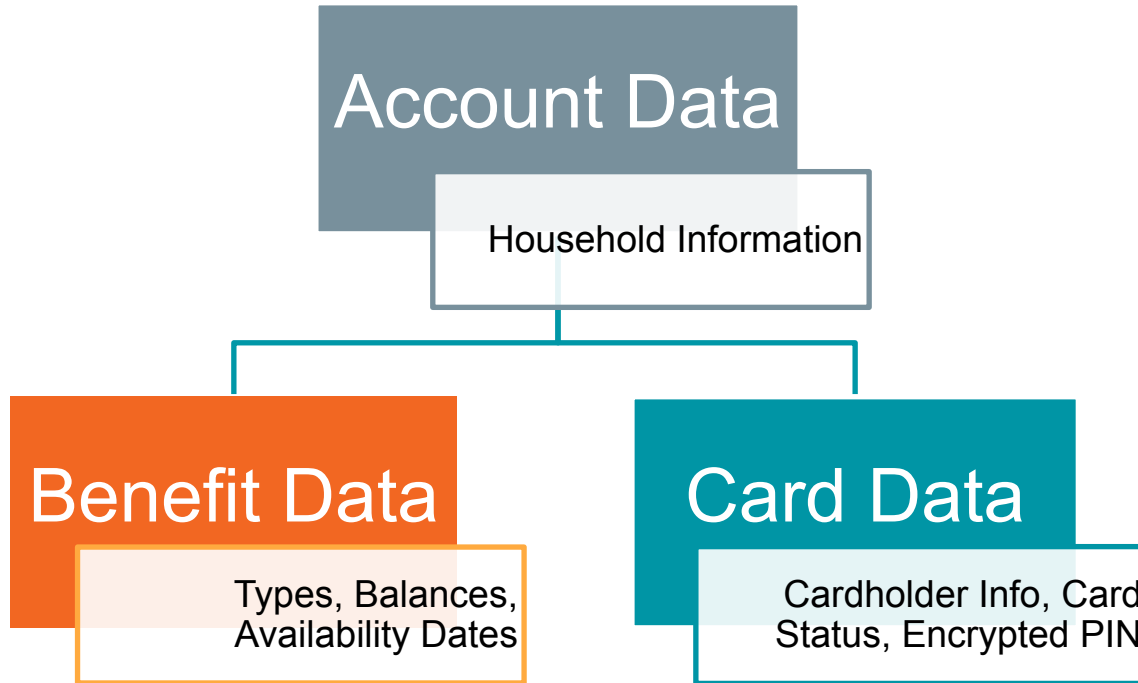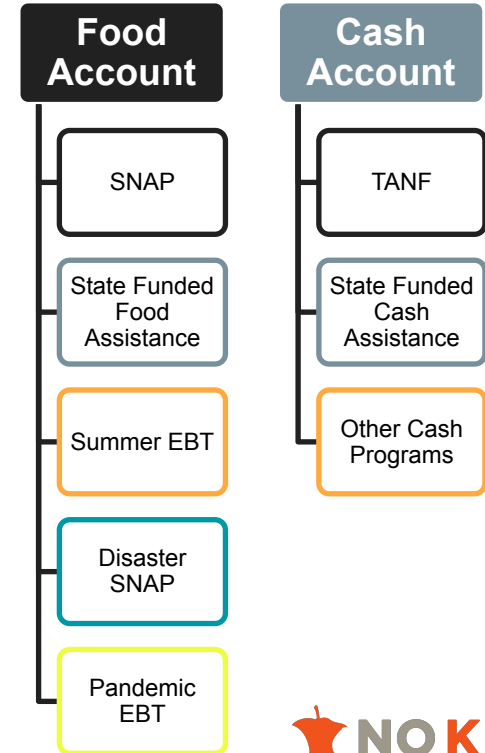
CUSTOMER SERVICE

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EBT Account Management

Account Data

Household Information

Benefit Data

Types, Balances, Availability Dates

Card Data

Cardholder Info, Card Status, Encrypted PIN
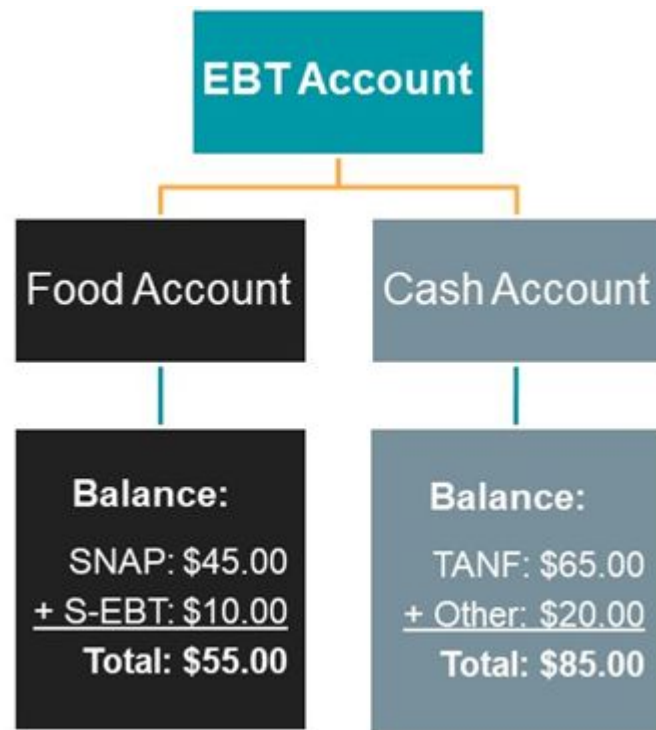
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EBT Benefit Management – SNAP/Cash Model

- SNAP/Cash model supports two account types: Food and Cash

- Multiple benefit types can commingle within an account

- Each benefit type:
  - Is uniquely identified
  - Can have unique rules (i.e., expungement)
  - Is assigned a dispense priority which identifies the order in which benefits by type are redeemed from the account

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Food Account
- SNAP
- State Funded Food Assistance
- Summer EBT
- Disaster SNAP
- Pandemic EBT

Cash Account
- TANF
- State Funded Cash Assistance
- Other Cash Programs

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EBT Benefit Management – SNAP/Cash Model

- When benefits are issued, data includes:
  - Household ID (links to EBT Account)
  - Benefit type and ID
  - Availability date
  - Benefit value in Dollars

- Although benefits types/values are tracked in the EBT system, there is only one Food balance and one Cash balance

- Benefits are expunged from the EBT system based on program rules, each benefit type may have different expungement rules

EBT Account

Food Account

Balance:
SNAP: $45.00
+ S-EBT: $10.00
Total: $55.00

Cash Account

Balance:
TANF: $65.00
+ Other: $20.00
Total: $85.00

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EBT Transaction Processing – SNAP/Cash Model

- The EBT System receives message-based transactions from retailers or ATMs

- Transactions are authorized after validating the card, PIN, access point, and benefit balance

- Benefits are applied based on dispense priority by benefit type, then oldest benefit within type

- Benefit balance updated based on the transaction

- Response returned to the access point

Transaction Types

🛒	Purchase
💵	Withdraw (Cash only)
⬅	Return
✖	Void
⚠	Reversal
?	Balance Inquiry

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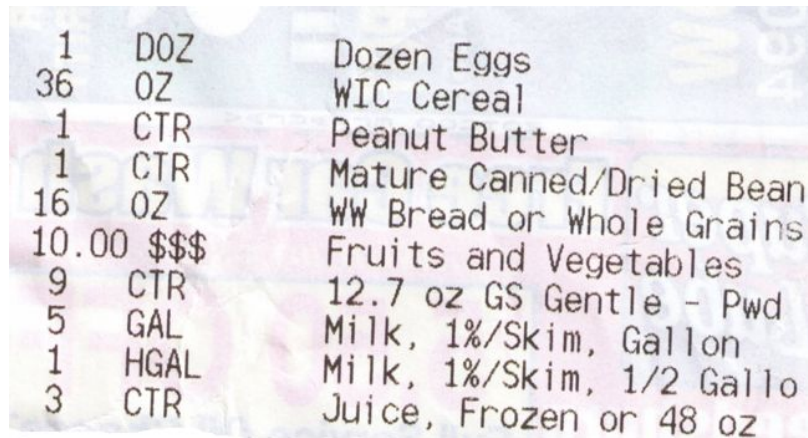
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EBT Benefit Management – WIC Model

Benefits are issued based on a prescription of specific foods identified by food category (cat) and subcategory (subcat)

Food Item	Category	Subcategory	Description	Unit
Cheese	02	000	All authorized types.	Ounce
		001	Low fat Cheese	Ounce
Eggs	03	000	Eggs	Dozen
		001	Fresh eggs	Dozen
Cereal	05	000	Cereal (Adult) - all authorized hot and cold	Ounce
		001	Whole Grain	Ounce
Legumes	06	000	All authorized dry legumes (bean & peas) or peanut butter	Jar/Bag
		001	Peanut Butter	Jar/Bag
		002	Dry legumes or dry peas (mature seed)	Jar/Bag

EBT Benefit Management – WIC Model

- One WIC EBT account, but multiple balances by food subcat

- Each WIC benefit issued identifies
  - Household ID (links to EBT Account)
  - Quantity by food subcat
  - First date to use
  - Last date to use (expiration date)

- Benefits are only available during specific dates; there is no rollover

1	DOZ	Dozen Eggs
36	OZ	WIC Cereal
1	CTR	Peanut Butter
1	CTR	Mature Canned/Dried Bean
16	OZ	WW Bread or Whole Grains
10.00	$$$	Fruits and Vegetables
9	CTR	12.7 oz GS Gentle - Pwd
5	GAL	Milk, 1%/Skim, Gallon
1	HGAL	Milk, 1%/Skim, 1/2 Gallo
3	CTR	Juice, Frozen or 48 oz

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EBT Transaction Processing – WIC Model

- WIC participants can only purchase items (UPCs/PLUs) that are on the state agency approved product list (APL)

- Within the APL, each UPC or PLU is associated with a food cat/subcat and assigned a quantity (i.e., 1 gallon, 12 ounces, 1 dozen)

- The APL is an electronic file distributed to all authorized retailers and loaded into their systems

EBT Transaction Processing – WIC Model

The retail system plays a role in vetting WIC transactions before they are sent to the EBT processor:

- Obtains card balance

- Assesses each item:
  - Is the item (UPC/PLU) in the APL?
  - Is the item's subcategory present in the account balance in sufficient quantities?
  - If yes to both, send item in the transaction

Item Scanned

milk

UPC = 123456789012

WIC Approved Items (APL)

UPC	Cat/Subcat
111555660000	Cereal / WIC Cereal
222777991111	Eggs/Dozen Eggs
333888223333	Legumes/Peanut Butter
123456789012	LF-Fat Free Milk/Skim
444477779999	Fish/Tuna

Household Account

Cat/Subcat	Qty
Eggs/Dozen Eggs	3 Doz
Cereal / WIC Cereal	72 Oz
Legumes/Any	1 Cont
Cheese/Cheese	1 Lb
LF-Fat Free Milk/Any	2 Gal

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EBT Transaction Processing – WIC Model

- The EBT System receives message-based transactions from retailers

- Transactions are authorized after validating the card, PIN, retailer, UPCs/PLUs and subcategory balance(s)

- Benefits are applied to each subcat balance based on oldest benefit first

- Subcat balance(s) updated based on the transaction

- Response returned to the retail system

Transaction Types

- Purchase
- Void
- Reversal
- Balance Inquiry

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EBT Fraud Prevention: Stolen Benefits

- Common Types of Fraud
  - Card Skimming – the illegal copying of information from the magnetic stripe found on the EBT card
  - Phishing – contacting cardholders via text, email, or phone to obtain card/account information
  - Card Cloning – (creating physical EBT cards) occurs after EBT card information has been stolen

- EBT Cards Need PINs, How do They Get Them?
  - Through equipment that captures video of PIN entry
  - Using online shopping and portals to "guess" PINs

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EBT Fraud: How is it being Addressed?

- Cardholder Training Encouraging
    - Monitoring of accounts
    - Frequent PIN changes
    - Not using easy PINs (1111, 1234, etc.)

- EBT System Changes
    - Card freeze / lock functionality
    - Transaction and PIN alerts
    - Allowing cardholders to block out of state transactions
    - Restricting selection of easy PINs
    - Validating the Card Authentication Value (CAV)
    - Enhancing security on cardholder service access points

- Benefit Replacement (SNAP benefits)

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Additional Technology Updates

- SNAP/Cash EBT follow the ANSI X9.58 Standards
  - Used by EBT Processors, TPPs/acquirers, and access points (retailers/ATMs) when transmitting and processing transactions
- The X9.58 was recently updated to support more secure transactions in stores and online.
  - Added standards to support chip technology (aka EMV)
  - Added standards for a Card Verification Value (CVV) to be printed on the card along with the expiration date

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What Else is on the EBT Horizon?

- Mobile Payment Pilots
  - The X9.58 changes pave the way for using EBT in a mobile wallet

- Discussion of SNAP Restrictions
  - Potential for pilots to test restriction of sugar sweetened beverages or other foods purchased with SNAP benefits
  - Would likely require changes to retail and potentially EBT systems

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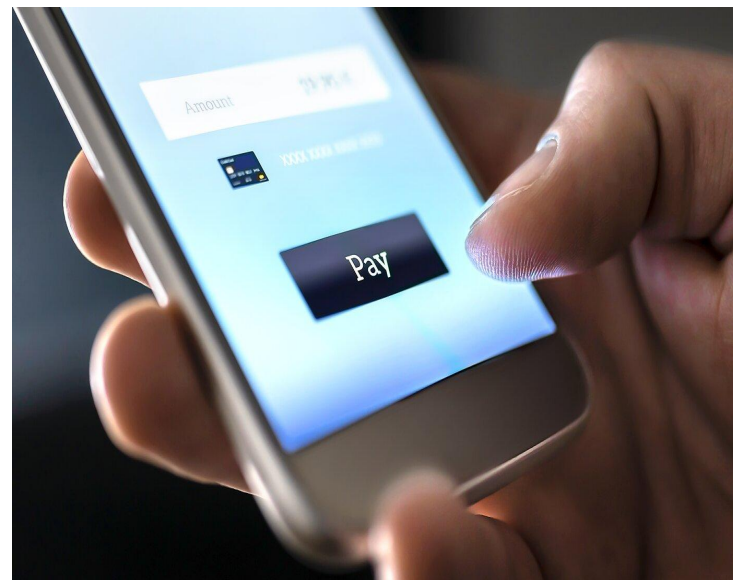
Summer EBT Observations

S-EBT Observations – from the EBT Perspective (SNAP Model)

- Technology working well, but some challenges felt by cardholders

- Primary changes to EBT systems have been the addition of a new benefit type and the associated rules and customer service updates

- Some states have chosen to issue separate accounts/cards for all S-EBT recipients, one card per recipient

- Some states are using a combination of S-EBT-only accounts/cards and commingled accounts with existing SNAP accounts

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S-EBT Observations – from the EBT Perspective (SNAP Model)

One challenge noted with commingled accounts is related to return transactions:

- The EBT system as designed:
  - Does not link return transactions to the original transaction
  - Does not know which benefit types were used in the original transaction
  - Applies returns values back to benefit issuances based on the dispense priority
  - In most cases, S-EBT has a higher dispense priority than SNAP and would be applied first

- Issue: When a return occurs near the S-EBT expungement date, benefits could be lost

- Solutions: 1) Potential updates to the EBT system; 2) Issue separate EBT cards to S-EBT recipients.

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S-EBT Observations – from the EBT Perspective (WIC Model)

- Food package model
  - Specific prescribed foods
  - Food list aligns with WIC approved foods

- Implementation strategy impacts operational approach
  - APL
  - BIN
  - Redemption locations

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Questions

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