

# TENNESSEE DEPARTMENT OF **HUMAN SERVICES**

*Public Chapter 466*

## Electronic Benefit Card Photo ID Study

January 15, 2014



*Helping Shape Tennessee Lives*

## **About Tennessee Department of Human Services (TDHS)**

The Department of Human Services is committed to improving the well-being of Tennesseans who are economically disadvantaged, vulnerable or living with disabilities through a network of financial, employment, protective and rehabilitative services.

**Our Vision:** To be a leader in effectively partnering with human service customers in establishing or re-establishing self-sufficiency to create a better quality of life.

**Our Purpose:** To offer temporary economic assistance, work opportunities, and protective services to improve the lives of Tennesseans.

### **Our Core Values:**

- Mission Driven
- Customer Focused
- Respect & Integrity
- Compassion
- Accountability & Responsibility

### **TDHS will:**

- Maintain the trust of our customers, partners, and the public by demonstrating excellence in service delivery, results, and effective fiscal stewardship.
- Operate from a strength perspective.
- Operate in a manner that reflects the importance of public-private partnerships in human service.
- Maintain ongoing efforts to be a learning organization.
- Be transparent, agile, innovative, and responsive.
- Engage employees and customers as strategic partners.
- Recruit, retain, and reward high performing employees.

### **TDHS Adheres to a Strength Perspective**

- Every individual, group, family, and community has strengths.
- Trauma and abuse, illness and struggle may be injurious but they may also be sources of challenge and opportunity.
- Assume that you don't know the upper limits of the capacity to grow and change and take individual, group, and community aspirations seriously.
- We best serve clients by collaborating with them.
- Every environment is full of resources

*The Strength Perspective in Social Work Practice by Dennis Saleebey*

## TDHS Adheres to the Disciplines of a Learning Organization

**Shared Vision:** A common purpose and atmosphere of excitement and enthusiasm regarding the vision and direction of the organization. The organization provides mechanisms for people to connect their personal vision to the organizational vision.

**Systems Thinking:** A smooth and open flow of information which sends a message of inter-relatedness between all parts of the organization and how each part has an impact on the other parts of the organization.

**Mental Models:** The organization provides a supportive environment, which encourages people to think about, interpret and characterize situations and circumstances. People then review and revise appropriately their own views, beliefs, values, and biases in a "critical thinking" and more creative fashion.

**Team Learning:** Based on the foundation of Personal Mastery and Shared Vision, this component focuses a great deal on interpersonal skills and effective communication. People learn from and teach each other in an atmosphere of open dialogue, flexible mental models and conflict resolution.

**Personal Mastery:** Every member of the organization operates as a continual learner. Staff members are empowered to stretch and broaden their comfort zones to realize their potential.

*The Fifth Discipline, Peter Senge*

TENNESSEE DEPARTMENT OF  
HUMAN SERVICES



*Helping shape Tennessee lives.*

**EBT Photo ID Study**

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**EBT Photo ID Study**

On May 20, 2013 Public Chapter 466 – EBT Photo ID Study, was signed into law. This act directed the Commissioner of the Department of Human Services to conduct a study related to the issuance of EBT cards with photo identification for each household receiving SNAP and TANF benefits. The study shall identify the benefits and concerns associated with requiring the issuance and use of such identification



**State of Tennessee**  
**PUBLIC CHAPTER NO. 466**

**SENATE BILL NO. 948**

**By Campfield**

Substituted for: House Bill No. 456

By Hardaway, Rogers

AN ACT to amend Tennessee Code Annotated, Title 71, relative to public assistance benefits.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. The commissioner of human services shall study issues, within existing resources, related to the issuance of a photo identification card to each eligible household in the food stamp and temporary assistance to needy families programs. The study shall identify the benefits and practical implementation concerns associated with requiring the issuance and use of such identification. The commissioner shall make such report to the health committee of the house of representatives and the health and welfare committee of the senate on or before January 15, 2014.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.

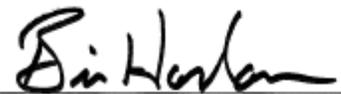
SENATE BILL NO. 948

PASSED: April 19, 2013

  
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RON RAMSEY  
SPEAKER OF THE SENATE

  
\_\_\_\_\_  
BETH HARWELL, SPEAKER  
HOUSE OF REPRESENTATIVES

APPROVED this 20<sup>th</sup> day of May 2013

  
\_\_\_\_\_  
BILL HASLAM, GOVERNOR

## **Overview of Assistance Programs**

### **Temporary Assistance for Needy Families (TANF)**

The Temporary Assistance for Needy Families program, or TANF, was created as a part of the larger Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 (commonly referred to as “welfare reform”). It replaced the Aid to Families with Dependent Children (AFDC) program and is the federal funding source for Tennessee’s TANF Program which is known as Families First.

The four purposes of TANF are:

- assisting needy families so that children can be cared for in their own homes;
- reducing the dependency of needy parents by promoting job preparation, work and marriage;
- preventing out-of-wedlock pregnancies; and
- encouraging the formation and maintenance of two-parent families.

The Families First program is a workforce development and employment program. It is temporary and has a primary focus on gaining self-sufficiency through employment. The Families First program provides temporary cash benefits to families who have children and are experiencing financial difficulties. These benefits are time-limited to 60 months in a participant’s lifetime. The Families First program emphasizes work, training, and personal responsibility. To be eligible for the program, participants must agree to follow a Personal Responsibility Plan (PRP). As part of the PRP, the participant agrees to keep immunizations and health checks up to date for their children, keep their children in school, co-operate with Child Support Services to establish paternity and an order for support, and participate in a work/training program for at least 30 hours per week. The temporary cash benefits provided by the Families First program are issued to recipients via an EBT (Electronic Benefit Transfer) card.

### **Supplemental Nutrition Assistance Program (SNAP)**

The Supplemental Nutrition Assistance Program helps ensure that eligible low-income families and individuals are able to obtain a nutritious diet. The program benefits are intended to supplement a household’s monthly food budget to allow them to direct more of their available income toward essential living expenses. The program is the cornerstone of the federal food assistance programs, and provides crucial support to needy households and to those making the transition from welfare to work. The goals of the program are to alleviate hunger, and improve nutrition and health. Tennessee’s SNAP program serves more than 1 million Tennesseans, of which more than half are children. TDHS has a dual focus on alleviating hunger and establishing or re-establishing self-sufficiency. The benefits provided by the SNAP program are also issued to recipients via an EBT card.

The support provided by the Department of Human Services is intended to be temporary in nature and not a sole source of support. Ultimately, individuals and families who are able to establish and maintain self-sufficiency and a better quality of life result in stronger families and stronger communities.

At the conclusion of Fiscal Year 2013 Tennessee had 1,356,371 individuals receiving SNAP benefits in 670,759 households.

## Program Integrity Measures

Program integrity involves the ongoing oversight and monitoring of Departmental programs to ensure that services are provided efficiently and effectively, while ensuring that tax dollars are not being put at risk by means of fraudulent, wasteful or abusive activities. TDHS is committed to effective fiscal stewardship and continues to develop strategies for maintaining and improving program integrity. TDHS monitors various types of data in order to track trends and identify potential cases of fraud, waste, and abuse. In 2012, TDHS implemented a SNAP trafficking program which involved the monitoring of multiple issuances of replacement EBT cards. Additionally, TDHS is developing an EBT restriction strategy to coincide with recently passed legislation that takes effect July 1, 2014 which makes it illegal for any person or business entity to accept, obtain, or transfer EBT cash benefits in liquor stores, gaming establishments/casinos, and adult cabarets.

## EBT Overview



EBT is a system that allows a recipient to authorize the electronic transfer of their government benefits from a State or Federal account to a retailer account to pay for products received. State agencies work with contractors to procure their own EBT systems for the delivery of SNAP and other state-administered assistance programs. EBT is the issuance delivery system for SNAP and Families First (TANF) benefits to eligible Tennessee recipients. Each eligible household receives an EBT card to access their benefits at approved locations. EBT cards are issued upon approval for benefits and replaced as needed throughout the period of eligibility for the household. Tennessee EBT cards carry a uniform design, card number, and name of the head of the household. The United States Department of Agriculture (USDA), via Food and Nutrition Service (FNS), is the governing body for SNAP. The Administration for Children & Families (ACF) is a division within the U.S. Department of Health & Human Services and is the governing body for TANF. Every state and territory authorized to issue SNAP benefits does so via EBT. Not all states issue TANF benefits via EBT cards. Some states issue other federal or state benefits via EBT, such as WIC and Child Care payments.

## Federal Regulations

### **SNAP Regulations**

- **7 CFR 274.8(b)(5) – Photographs on EBT Cards and Access to Benefits**

State agencies may require the use of a photograph of one or more household members on the card. If the State agency does require the EBT cards to contain a photo, it must establish procedures to ensure that all appropriate household members or authorized representatives are able to access benefits from the account as necessary.

- **7 CFR 273.2(k)(ii)(2)(2) – Authorized Representatives**

*Obtaining food stamp benefits* - An authorized representative may be designated to obtain benefits. Even if the household is able to obtain benefits, it should be encouraged to name an authorized representative for obtaining benefits in case of illness or other circumstances which might result in an inability to obtain benefits. The name of the authorized representative must be recorded in the household's case record and on the food stamp identification (ID) card, as provided in §274.10(a)(1) of this chapter. The authorized representative for obtaining benefits

may or may not be the same individual designated as an authorized representative for the application process or for meeting reporting requirements during the certification period. The State agency must develop a system by which a household may designate an emergency authorized representative in accordance with §274.10(c) of this chapter to obtain the household's benefits for a particular month.

*Using benefits* - A household may allow any household member or nonmember to use its ID card and benefits to purchase food or meals, if authorized, for the household. Drug or alcohol treatment centers and group living arrangements which act as authorized representatives for residents of the facilities must use food stamp benefits for food prepared and served to those residents participating in the Food Stamp Program.

**FNS provided the following summary response to Tennessee's request for information on requiring either a separate photo ID for clients or adding a photo to EBT Cards:**

- Federal rules restrict treating SNAP participants differently from other customers. Singling out SNAP clients by asking only them and not all customers to provide identification at the point of purchase conflicts with Federal regulations at 7CFR 278.2(b), which states that "No retail food store may single out coupon [EBT card] users for special treatment in any way."
- The requirement [of having SNAP retailers check IDs] is outside the scope of the State's authority. SNAP retailer operations are under the authority of FNS and the federal government. The State does not have jurisdiction or authority to enforce such a mandate even if the legislation passed.
- Federal law requires State EBT systems to be interoperable. For confidentiality reasons, some States do not include household member names on the card. In these instances, identity verification is impossible. However, SNAP clients must be able to use their EBT card in any State.
- Federal law provides that all members of the household be able to utilize the EBT card and associated benefits. Any process that would deny benefits to a household member or authorized representative legitimately using the card would violate both the letter and spirit of SNAP law. For example, children in many households do the food shopping for the household and may not have acceptable identification.
- The implementation of EBT and the use of Personal Identification Numbers (PINs) eliminated the need for the previous food stamp/coupon based system. As a result, the stigma that came along with using food stamps/coupons was greatly reduced. Helping retailers provide equal and non-differentiated service to SNAP clients was one of a number of benefits that EBT brought to SNAP. Proposals to single out SNAP clients would reverse those benefits.

**TANF Regulations**

There are no federal TANF regulations that require or prohibit the use of a photo ID for the verification of identity.

## National Scan

### Maine



- The USDA denied Maine’s request for a waiver to require that individuals who use food stamp benefits show a photo ID stating, “The requirement would infringe on card holders’ rights and would not fight fraud.”
- The USDA wrote in their response “After Careful review of DHHS’ request and responses, we do not think DHHS’ current waiver request would effectively reduce fraud and abuse of program benefits.” They also indicated the proposal submitted by DHHS did not account for how a photo ID rule would be enforced or how the rule would work for people holding out of state benefit cards. They further stated that a waiver would “result in the material impairment of statutory and regulatory rights of SNAP participants.”

### Massachusetts



- In 2005, Massachusetts eliminated photos on EBT cards citing high administrative costs and lack of deterrent to fraud.
- In 2012, the Massachusetts EBT Commission Report concluded that photo IDs have no impact on fraud. On May 11, 2012, USDA issued a letter to the Department of Transitional Assistance (DTA) of Massachusetts recommending the state not pursue the proposal to add photos to EBT Cards.
- In December 2012, Massachusetts hired a consulting firm to prepare a report on the Evaluation of Cash Restrictions / Cashless System. The report summarized relevant findings and presented a synthesis of all relevant facts and implications along with recommendations to the Massachusetts Cashless System Commission. The final report identified and evaluated the full set of options for reducing or eliminating inappropriate use of cash assistance benefits programs, with a focus on identifying ways to improve the integrity of cash assistance spending. The report indicated “Photo IDs could be implemented as a way of combating card trafficking, but they are likely to have limited impact. Most cashiers do not inspect cards closely, and with the growing prevalence of self-checkout lanes, the value of photo IDs is decreasing.”
- In 2013, Representatives submitted amendment 602, which amended Massachusetts H3400 by striking section 15 and completing a study of costs and benefits of photo EBT cards.

- The DTA estimated startup costs of between \$5-7 Million and an annual \$4.4 million thereafter.
- August 7, 2013 – Chapter 65 of the Acts of 2013 was approved.

**CHAPTER 65                    AN ACT TO STUDY THE PREVENTION OF FRAUD IN THE EBT PROGRAM.**

*"Whereas, The deferred operation of this act would tend to defeat its purpose, which is to study forthwith measures enacted to prevent fraud in the Massachusetts EBT cash assistance program, therefore, it is hereby declared to be an emergency law, necessary for the immediate preservation of the public convenience.*

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same as follows:*

SECTION 1. Paragraph (B) of section 2 of chapter 18 of the General Laws, as amended by section 1 of chapter 161 of the acts of 2012, is hereby further amended by adding the following 2 clauses:

- (k) require the use of photo identification on the front of each newly issued and reissued electronic benefit transfer card for each cardholder who is over the age of 18; provided, however, that the department shall promulgate regulations to ensure that all authorized users and members of the household are able to use an electronic benefit transfer card pursuant to 7 U.S.C. section 2016(h)(9); provided further, that the department shall not require the use of photo identification for individuals who are 60 years of age or over, blind, disabled or victims of domestic violence; and provided, further, that in developing regulations for authorized users, the department shall consult with businesses or vendor associations whose members accept electronic benefit transfer cards as a form of payment including, but not limited to, the Massachusetts Food Association, the New England Convenience Store Association and the Retailers Association of Massachusetts.
- (l) include the fraud hotline number and department website on all newly issued electronic benefit transfer cards.

SECTION 2. Notwithstanding any general or special law to the contrary, and pursuant to section 2 of chapter 18 of the General Laws, within 12 months of the effective date of this act, the department of transitional assistance shall replace all existing electronic benefit transfer cards with cards containing a photograph of the cardholder.

SECTION 3. Notwithstanding any general or special law to the contrary, and pursuant to section 2 of chapter 18 of the General Laws, within 6 months of the effective date of this act, the department of transitional assistance shall include on all new or reissued electronic benefit cards a photograph of the cardholder.

Approved, August 7, 2013."

## Missouri



- In 2001, the Missouri Auditor General determined that the Missouri state law (Section 208.182.(3), RSMo 2000) mandating photographs on EBT cards did not generate enough savings for the program to be continued.
- The Missouri auditor General noted that one of the key factors limiting any potential savings was that FNS trained retailers to disregard the photo as transactions were valid as long as a person had the card and the PIN.
- In February 2013, House Bill 455 was introduced and directed the Department of Social Services to seek a waiver from the federal government to mandate the use of photo identification for continued eligibility in the food stamp program administered in Missouri.

## New York



- New York's EBT cards are called Common Benefit Identification Cards (CBICs). These cards are utilized to access all public assistance benefits and can also be used as a state issued identification cards.
- New York provides photographic Common Benefit Identification Cards (CBICs) to any head of household of a Non-Temporary Assistance (NTA) Supplemental Nutrition Assistance Program (SNAP) case, upon the request of the cardholder.
- Any household member may use the CBIC as long as they have the PIN. However New York determined that photographs on EBT cards did not deter fraud because cardholders could continue to sell their EBT card or sell food purchased with the card.

## Pennsylvania



- In November 2012 The Legislative Budget and Finance Committee of Pennsylvania released a report entitled "The Feasibility of Using Biometric Smart Cards or Photo ID cards to Dispense Public Assistance benefits."

- Pennsylvania determined that photo ID systems were costly to implement and would likely face legal challenges. Additionally, any savings that might be achieved by upgrading the current EBT card to a photo ID or biometric smart card were much harder to estimate. For example, states must follow the federal rules regarding the SNAP program, which include the requirement that any member of the SNAP household be able use the card and that SNAP recipients be treated no differently than other customers. These requirements limited the effectiveness of photo IDs or biometric smart cards as fraud prevention measures.

## **Rhode Island**



- On May 5, 2013, Rhode Island's House Bill (HB) 5646 requiring photo identification on EBT cards was heard by the House Finance Committee.
- Opponents of the bill indicated that it would be a burden for the Elderly and/or Disabled requiring that they come into the office to get their photo on the EBT Card.
- On May 14, 2013, the Committee recommended that the measure be held for further study.

## **Preliminary Cost Estimates**

Information obtained from the national review of state EBT photo ID initiatives indicated that cost estimates range from \$1.4 million – \$4.4 million. The preliminary cost estimates for Tennessee also fall within this range. Additional cost information will be provided should the state decide to move forward with establishing an EBT Photo ID system.

## **SNAP/TANF Practical Considerations of Implementation**

- Software, equipment, and training costs
  - Additional software and camera hardware may be required, as well as training on the use of both.
- Storage and transmission of photos to FIS
  - Requirements to be determined between FIS and DHS
- Potential systems changes to ACCENT (the state's current mainframe system)
- Notification to clients
- Notifications to retailers
  - Due to FNS regulations and jurisdiction over retailers, the State would have to inform retailers that though photo id is on each EBT card, no retailer may deny use of the card if the photo does not match the cardholder, thus defeating the purpose and cost associated with the photo requirement.

## **Conclusion**

The goal of this study was to fulfill Public Chapter 466. This study provided a comprehensive overview of the programs that utilize EBT cards, federal regulations that may impact the implementation of an EBT photo ID system, a national scan of similar initiatives taking place in other states, and practical considerations of implementation. If you have additional questions about this study please contact the Tennessee Department of Human Services.