



**Administrative Policies and Procedures: 23.11**

<b>Subject</b>	Families First Electronic Benefit Transaction (EBT) Location Restrictions	
<b>Approved by</b>	Tracy Bell, Chief Officer of Workforce Development	<b>Approval Date: 10/31/2016</b>
		<b>Effective Date: 10/31/2016</b>
<b>Authority</b>	T.C.A. §§ 71-3-126 (c)(1), 7-51-1102 ,42 U.S. C. §§ 608(a)(12)(B)(i), 42 U.S.C. 608(a)(12)(B)(ii), and Section 404 (P.L. 112-96)	
<b>Application</b>	FF/TANF Staff, benefit recipients and merchants who accept EBT cards	

<b>Policy Statement</b>
It is Prohibited for Families First recipients to use their Families First/Temporary Assistance to Needy Families (FF/TANF) EBT card at any restricted location.

<b>Purpose</b>
This policy outlines the location restrictions for using EBT cards by Families First (TANF) recipients.

<b>Procedures</b>	
<b>A. Federal Restriction</b>	Federal law does not prevent certain products from being purchased with TANF assistance via EBT Transactions; rather it specifies <b>locations</b> where state policies and practices should prevent any transfer of TANF assistance via EBT transaction from occurring, regardless of the product purchased. For example, the federal law does not require a state to prevent a recipient from buying beer at a grocery store, but it does require that a state implement policies and practices to prevent any purchase involving an electronic transfer of TANF cash assistance, even non-alcoholic items, from a liquor store.
<b>B. Restricted Locations</b>	Families First adult and minor parent recipients, are prohibited from knowingly using public assistance benefits from an EBT card at the following locations: <ul style="list-style-type: none"> <li>1. Any liquor store;</li> <li>2. Gambling, casino, and/or gaming establishment;</li> <li>3. Adult Cabaret; or any</li> </ul>

	4. Tobacco discount and/or retail store.
<b>C. Location Exception</b>	Families First adult and minor parent recipients, may use an ATM machine located in a Tobacco Discount/Retail store.
<b>D. Personal Responsibility Plan (PRP)</b>	All Families First (FF) applicants must submit to the Department a signed HS-2612 Personal Responsibility Plan (PRP) upon application. Current Families First adult and minor parent recipients, who are the head of an assistance unit, will be required to sign the revised PRP at their next contact or renewal.
<b>E. Client Notification of the Law</b>	Families First recipients will be notified in writing when a new restricted category is added to the EBT card.
<b>F. Recipient Penalty</b>	<ol style="list-style-type: none"> <li>1. The penalty for failure to abide by this PRP agreement will result in the imposition of a non-compliance sanction and will be treated like any other non-compliance with a Families First work requirement.</li> <li>2. Any Families First recipient who participates in an EBT transaction in any of the restricted locations shall be subject to the following penalties if found guilty of an illegal transaction in an administrative hearing:</li> <li>3. In first or second violation(s) - Reimbursement of the amount of the purchase at a POS device or the amount of the cash withdrawn and used from an ATM or other online system <u>unless</u> the ATM machine is located in a Tobacco Discount/Retail store.</li> <li>4. For third or Subsequent Violation(s): <ol style="list-style-type: none"> <li>a) The Families First caretaker will be required to reimburse the amount of the purchase at a POS device or the amount of the cash withdrawn and used from an ATM or other online system <u>unless</u> the ATM machine is located in a Tobacco Discount/Retail store.</li> <li>b) The caretaker will be deemed permanently ineligible to use an EBT card for the purpose of accessing his/her Families First cash benefits; and</li> <li>c) A protective payee will be designated (by Investigations staff) to access and manage the Families First benefits.</li> </ol> <p>NOTE: A caretaker found guilty of a third or subsequent violation will still be included in the assistance unit and the violation will not result in a reduction in the Families First grant.</p> </li> <li>5. Any illegal EBT transaction shall be classified as an overpayment and as an illegal use violation that will result in the initiation of collection proceedings.</li> </ol>
<b>G. Merchants</b>	<p>It is illegal for any person or business entity, whether owned or leased, to knowingly accept public assistance benefits from an EBT card for the purchase of any goods or services in the following locations:</p> <ol style="list-style-type: none"> <li>1. Any liquor store;</li> <li>2. Gambling, casino, and/or gaming establishment;</li> <li>3. Adult Cabaret; or any</li> <li>4. Tobacco discount and/or retail store.</li> </ol>
<b>H. Merchant</b>	Merchants who may be impacted by changes in EBT usage restrictions will be

<b>Notification of the Law</b>	notified in writing when a new restricted category is added to the EBT card.
<b>I. Merchants Penalties</b>	<p>Merchants being found in violation of knowingly accepting public assistance benefits from an EBT in prohibited locations will be subject to the following penalties:</p> <ol style="list-style-type: none"> <li>1. The First violation shall result in a civil penalty of one thousand dollars (\$1,000).</li> <li>2. The second violation within five (5) years of the first violation shall result in a civil penalty of twenty-five hundred dollars (\$2,500).</li> <li>3. A third or subsequent violation within five (5) years shall result in a civil penalty of five thousand dollars (\$5,000).</li> <li>4. The Department of Human Services Office of General Counsel may refer the person or business entity that violates this state law, to the district attorney, who may bring an action to suspend the business license and permits of the person or business entity for one (1) year.</li> <li>5. The Department's Office of General Counsel may also bring a civil action to enforce any civil penalties assessed to any person or business entity in a complaint filed in the chancery court of the county where the person or business entity is located.</li> </ol>
<b>J. Caseworker Responsibilities</b>	Families First caseworkers and the client reps shall ensure that all Families First applicants and renewing recipients sign a revised PRP to ensure those clients are aware of the law, their responsibilities, and the penalties for not adhering to the law. This requirement applies to both parents in a two-parent assistance unit and to minor parents who are caretakers of their own assistance unit.
<b>K. Program Integrity Unit (PIU) Responsibilities</b>	<ol style="list-style-type: none"> <li>1. The Program Integrity Unit (PIU) shall monitor all EBT transactions on a monthly basis initially, and then no less than quarterly on an ongoing basis, to determine whether there is any illegal use of EBT cards.</li> <li>2. The PI Unit will be responsible for processing claims and for assigning a Protective Payee to those recipients who have three (3) or more violations. Investigations will use the IS-1 county contact list when sending referrals for case action to the field staff.</li> </ol>

<b>Forms</b>	<a href="#">HS-2612 Personal Responsibility Plan</a>
--------------	--

<b>Collateral Documents</b>	None
-----------------------------	------

<b>Additional Resources</b>	Collateral 23.01-16.00- 2016 EBT Transaction Location Communication Process Families First flyer Merchant Notification Letter and Declaration Merchant Flyer IS-1 County Contact List TANF EBT Restriction Procedures KRP EBT Brochure
-----------------------------	--

<b>Retention of Records</b>	Pending
-----------------------------	---------

<b>Glossary</b>	
<b>Term/Acronym</b>	<b>Definition</b>
<b>Adult Cabaret</b>	An establishment that features, as a principal use of its business, entertainers, waiters, or bartenders who perform their jobs partially clothed. This definition includes commercial establishments that feature entertainment of an erotic nature, including exotic dancers, strippers, male or female impersonators, or similar entertainers.
<b>Liquor stores</b>	Any retail establishments that sell exclusively or primarily intoxicating liquor. The term “liquor store” does not include a grocery store that sells both intoxicating liquor and groceries, including staple foods
<b>Casinos, gaming establishments, and/or gambling casinos</b>	These three terms are defined as establishments with a primary purpose of accommodating the wagering or gambling of money. These terms do not include either:  Grocery stores that sell groceries, including staple foods, and which also offer casino, gambling or gaming activities, or are located within the same building or complex as a casino, gambling, or gaming establishment; or  Any other establishment that offers casino, gambling, or gaming activities incidental to the principal purpose of the business.
<b>Tobacco Discount and or/Retail Store</b>	Licensed retail stores that derive their largest category of sales from loose tobacco, cigars, cigarettes, pipes, and other smoking accessories, regardless of the product purchased.
<b>“Located in”</b>	An ATM, POS device, or other online system used for the withdrawal of funds or processing of payments is “ <b>located in</b> ” a liquor store, casino, gambling casino, gambling establishment, or adult cabaret, when the ATM, POS device, or other online system is located on any part of the merchant’s business property either owned or leased by the merchant.
<b>IS-1</b>	Investigation Specialist (1) an employee located in the District Investigative offices.