



January 03, 2018

The Honorable Vicki Marble
Chair, Senate State, Veterans, and Military Affairs Committee
Colorado General Assembly

The Honorable Mike Foote
Chair, House State, Veterans, and Military Affairs Committee
Colorado General Assembly

The Honorable Jim Smallwood
Chair, Senate Health and Human Services Committee
Colorado General Assembly

The Honorable Jonathan Singer
Chair, House Public Health Care and Human Services Committee
Colorado General Assembly

Dear Senators and Representatives:

C.R.S 26-2-104 (2) (f) requires the Departments of Human Services and Revenue to report to the legislature regarding the use of Electronic Benefit Transfer (EBT) cards on or before January 1, 2018 and each January thereafter. Specifically, statute directs the two agencies to submit and present the reports at the same meeting of the State, Veterans, and Military Affairs Committees of the Senate and House of Representatives, the Health and Human Services Committee of the Senate, and the Public Health Care and Human Services Committee of the House of Representatives, or any successor committees. Following instructions outlined in statute and in similar format to the report submitted on December 31, 2015, this report presents the numbers of instances that cash benefits were accessed by using an EBT card at automated teller machines located in prohibited locations whereby EBT usage is strictly prohibited by State and Federal law.

The Department of Human Services manages the delivery of the Temporary Assistance for Needy Families (TANF) Program (known as the Colorado Works program in Colorado), Old Age Pension, Aid to the Needy Disabled, and the Low-Income Energy Assistance Program (LEAP), all of which pay monthly cash benefits to eligible Coloradans who apply for and are approved for assistance. Clients access their cash benefits through EBT cards, which are statutorily prohibited from being used to access



cash from automated teller machines located in establishments cited in 26-2-104 (2)(h).

Using information provided by the Department of Revenue's (DOR) Liquor, Marijuana, Racing, and Gaming Divisions, the Department has compiled reports of EBT prohibited card use at DOR's licensed regulated industries and shared this information with DOR. Data shows that in the nine-month period between December 1, 2016 and August 31, 2017, EBT cards were used at prohibited locations 3,621 times (representing 0.002% of all EBT transactions), as detailed in the following chart. This is a 59.7% decrease from the previously reported period 12/1/2015 - 8/31/2016.

| DOR Regulated Industry | Instances of EBT Card Use: 12/1/15 - 8/31/16 | Number of EBT Card Uses 12/01/17-08/31/17 |
|------------------------|---|--|
| Liquor | 8,562 | 3,533 |
| Racing | 16 | 6 |
| Marijuana | 330 | 67 |
| Gaming | 100 | 15 |
| Totals | 9,008 | 3,621 |

The reporting period was modified in this report for comparison purposes due to a change in reporting periods as required pursuant to 26-2-104(2)(f), C.R.S., and as a result of technical issues with the reporting software which led to delays in receiving reportable data for the current reporting period of 12/1/2016 through 11/30/2017.

According to the data, these instances of EBT usage in prohibited locations were made by 2,230 unique clients. However, 1,531 of these individuals (69%) only used their EBT card at a prohibited location in one month, indicating that repeated misuse is limited.

As required by House Bill 15-1255, the Department also adopted rules, effective January 1, 2016; to 1) enforce the prohibition of clients accessing [cash] benefits at an automated teller machine located in an establishment where a client is prohibited from accessing benefits by Federal law, and 2) include penalties for increasing violations in the rules. The State Board of Human Services enacted rules to comply with these legislative requirements in November 2015; which became effective January 1, 2016. The rules contain the following provisions:

- Require that the process for accessing cash benefits through an EBT card is explained in interviews for both Colorado Works (3.602.1) and Adult Financial (Old Age Pension and Aid to the Needy Disabled) programs (3.520.4), including identifying the establishments in which cash benefits may not be accessed from automated teller machines. The client signs a personal responsibility statement to affirm their understanding (Attachment A).
- Monitor clients' EBT card transactions quarterly (3.609.3 and 3.800.7).
- In cases of a violation, provide written warning to the client that EBT card usage in prohibited establishments will result in the card being disabled (3.609.3 and 3.800.7).
- If misuse continues, the cash portion of the client's EBT card shall be disabled for one month. In such instances, the county shall notify the participant of



additional options for receiving his/her cash payment (i.e. direct deposit or county warrant) as well as notification of due process (3.609.3 and 3.800.7).

- Ongoing misuse of a client's EBT card in a prohibited location will result in the county department denying or discontinuing the cash benefit for one month, following due process. The participant will be required to complete a new application after the one month time period, if assistance is requested (3.609.3 and 3.800.7).

Additionally, the Department created a buckslip (i.e. a mailer insert with program information) that is provided in the envelope whenever EBT cards are mailed to clients (or handed to the individual, if obtained in person). The buckslip summarizes the EBT card prohibitions and lists those establishments where card use is statutorily restricted. (Attachement B)

The Department will continue its partnership with the Department of Revenue and careful monitoring of EBT card usage. The Department will take appropriate action, as warranted, to ensure that all recipients of cash assistance in Colorado comply with the requirements of House Bill 15-1255.

Sincerely,



Reggie Bicha
Executive Director
Colorado Department of Human Services

cc: Members of the Senate State, Veterans, and Military Affairs Committee, Colorado General Assembly
Members of the House State, Veterans, and Military Affairs Committee, Colorado General Assembly
Members of the Senate Health and Human Services Committee, Colorado General Assembly
Members of the House Public Health Care and Human Services Committee, Colorado General Assembly

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The Honorable Lois Court
The Honorable Stephen Fenberg
The Honorable Owen Hill

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The Honorable Irene Aguilar
The Honorable John Kefalas
The Honorable Larry Crowder

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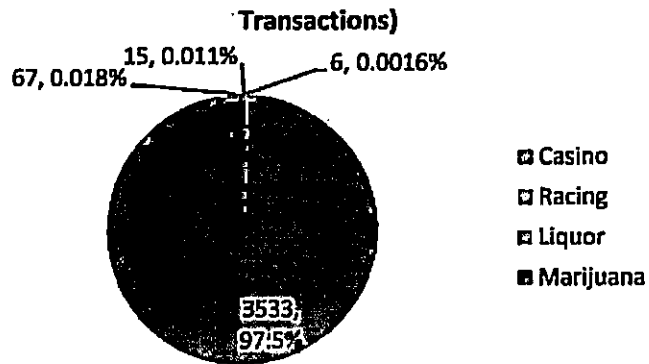
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Electronic Benefit Transfer (EBT) Cards

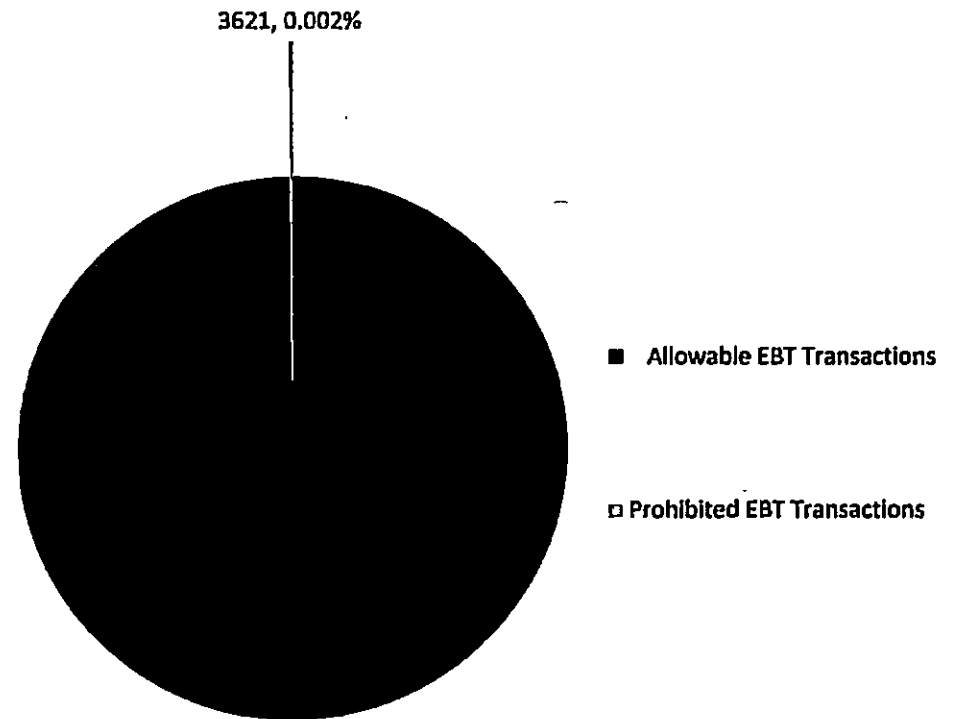
Departments of Human Services & Revenue

Dec 2016-Aug 2017 (3,621 Prohibited Transactions)



Total EBT Transactions

Dec 2016-Aug 2017



Dec 2016-Aug 2017 (2,230 Unique Clients)



Data Source: Transaction information from EBT and licensee information from the Liquor, Marijuana, Gaming, and Racing Division of the Colorado Department of Revenue