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# **TANF EBT Access and Restrictions**

## **OFA Regions V and VII Meeting**

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# Section 4004 of Middle Class Tax Relief and Job Creation Act of 2012

- Requires states to adopt “policies and practices” to restrict TANF (and MOE) EBT access in liquor stores, casinos and strip clubs.
- Penalty applies if not implemented (and reported to ACF) by February 22, 2014
- State plan must describe EBT restrictions, as well as state policies to ensure low-cost or free access to benefits and disseminate information on fees.

# Access Restrictions

- Federal law applies to specified locations – states may add additional restrictions (e.g. Oklahoma added smoke shops, California has whole list of prohibited locations)
- Restriction based on location, not items purchased
- EBT transactions – does not require states that pay by check or direct deposit to track TANF funds
- Applies to TANF assistance, not other funds (e.g. child support) that may be on same cards, not “non-assistance”

# How to Restrict Access

## Blocking ATMs and point-of-sale (POS) devices in specified locations

- More systematic
- Less opportunity for inadvertent violations
- Less stigma
- Requires process for ID-ing locations

## Prohibitions on use of funds in specified locations

- Puts burden on clients, merchants to understand rules
- Possibility for inadvertent violations
- Possible stigma, bias in enforcement
- Less up-front administrative costs

# EBT Blocking

- California – contractors develop central list of ATMs and POS terminals to block
  - No master file that indicates type of business where devices are located, so manual process to identify suspect locations – use name of business, google maps
- Washington, Indiana, Arizona – puts responsibility on prohibited venues to disable ATMs and POS terminals from accepting EBT cards.
  - Penalties can include fines, misdemeanor charges, loss of licenses

# Access Prohibitions

- Client prohibited from using EBT card in specified locations; notice generally provided at time of application. In some states, stores are required to post notices at ATMs.
- Penalties range from repayment of funds, to denial of benefits, to fraud charges.
- In some states (e.g. Missouri) business owners can be fined for allowing EBT card use
- Enforcement process unclear

# Goals to Consider

- Make rules clear and easy to follow
  - Better to prevent violations than play “gotcha”
  - Don’t want people subject to significant penalties for inadvertent mistakes
- Don’t force checkout clerks to play role of “welfare police”
  - Adds to stigma of welfare receipt
  - Likely to be enforced inconsistently
- Minimize administrative burden and costs

# Adequate Access to Benefits

- In some remote rural areas, access prohibitions may make it hard to access benefits.
- States should consider including exceptions to the prohibitions if needed to ensure adequate access to benefits.



# Low-Cost Access to Benefits

## Fees charged by EBT vendor

- Part of contract negotiated by state
- Clients should be provided at least 2 free withdrawals per months
- Info on fees should be provided

## Surcharges charged by ATM owner

- Select vendor with adequate network of surcharge-free ATMs
- Provide info on where to find surcharge-free ATMs
- Notice provided of fees before charges

# Additional Approaches

- Share info on fee structures across states
- Encourage direct deposit into bank accounts.
- Limit or ban surcharges: Illinois prohibits surcharges on Illinois Link transactions at ATM or POS devices within the state
- Outreach to clients who are incurring high fees and surcharges – California is considering targeted calls to clients who make 4+ transactions in a months.

# Thank You

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