

**Electronic Benefit Transfer (EBT) - Deactivation of ATMs**  
**Frequently Asked Questions (FAQ)**  
**September 2010**

**1. How much state-issued cash benefits were withdrawn at gaming and adult entertainment establishments prior to the ATMs being deactivated for EBT?**

A: During a 41-month period (January 2007 to May 2010), approximately \$3.9 million was withdrawn at Automated Teller Machines (ATMs) located in gaming establishments (casinos and card rooms). Approximately \$20,000 was withdrawn at ATMs located in adult entertainment establishments (adult stores and gentlemen's clubs) during the first five months of 2010. Respectively, this represents .04 percent and .001 percent of total EBT cash redemption statewide during this time period.

**2. What percentage of ATMs with EBT access has been deactivated as compared to the total number of ATMs with EBT access in California?**

A: During the month of July 2010, EBT cash access was deactivated at all identified ATMs located in gaming and adult entertainment establishments. There are approximately 55,000 active ATMs in California that have EBT cash access. To date, 418 ATMs located at gaming and adult entertainment establishments have been deactivated. The deactivated ATMs represent less than one percent of all ATMs in California.

**3. Who approved which ATMs can accept EBT cards?**

A: Assembly Bill (AB) 1542, Chapter 270, Statutes of 1997, specified the design of California's EBT system. AB 1542 required that the EBT system have the capability to deliver food stamps and, at the option of the county, CalWORKS benefits. AB 1542 also gave discretion to the Department to include other program benefits. It also required that the State provide maximum access to client benefits, which includes access to cash benefits at ATMs.

The federal government requires EBT cards for food stamp benefits to be interoperable with all other states and U.S. territories. To meet the interoperability requirement and to provide California EBT cardholders sufficient locations (ATMs and point-of-sale [POS] devices) to redeem benefits, the California EBT system was designed to run across the existing commercial financial transaction processing infrastructure in place across the nation. California adopted and uses the Quest<sup>®</sup> operating network as its commercial infrastructure for EBT. When California implemented EBT for its cash and food stamp programs, it did so in accordance with the Quest<sup>®</sup> Operating Rules. California chose to adhere to the Quest<sup>®</sup> Operating Rules as these uniform EBT rules were already being utilized in most other states. The Quest<sup>®</sup> Operating

Rules set forth the requirements for the distribution of government benefits under the Quest<sup>®</sup> logo.

**4. Is there a restriction, either in state or federal law, on which ATMs can accept EBT cards?**

A: State law requires maximum cash access points for EBT cardholders and federal/state statutes require that EBT cards be interoperable with ATMs in other states. Executive Order (EO) S-09-10, signed by Governor Schwarzenegger on June 24, 2010, requires CDSS to immediately deactivate EBT cash access at ATMs located in gaming establishments. CDSS also deactivated EBT cash access at ATMs located in adult entertainment businesses.

These actions were taken to reinforce the intent of the CalWORKs program, which is to help families meet their basic needs of food, clothing and shelter. The state is also reviewing other ATM locations to see if they are inconsistent with the goals of the program.

**5. Have the affected ATMs been deactivated for every type of transaction, or only for cash withdrawals?**

A: EBT cardholders can only perform two types of ATM transactions: cash withdrawals and balance inquiries. Other than these two basic transactions, EBT cardholders have never been able to deposit or transfer funds from their EBT accounts into other bank accounts or perform any other type of ATM transaction. Therefore, the deactivation of ATMs only affects an EBT cardholder's ability to perform cash withdrawals or balance inquiries at those deactivated locations.

**6. Will cash access to certain ATMs located outside of California be deactivated?**

A: Yes, California's EBT service provider, ACS State & Local Solutions, Inc. (ACS) has been directed by the state to deactivate EBT cash access at Out-of-State ATMs located in gaming and adult entertainment establishments. If the state identifies other ATM locations that are inconsistent with the goals of the CalWORKs programs, then the same policies that will apply to in-state ATM locations will also apply to out-of-state ATM locations.

**7. How will cash access concerns be addressed as a result of ATMs being deactivated?**

A: ACS is required to review each county's cash access plan annually to ensure there are sufficient cash access points to meet the needs of each community. Recently ACS completed a review of the cash access plans in all 58 counties and found that cash capacity needs continue to be met. The next step will be to examine the proximity of the ATMs within a particular zip code. If it is determined that a particular zip code does not provide for reasonable cash access, ACS will make every effort to recruit new ATM owners to meet the cash access standard.

CDSS will work with the county welfare departments and stakeholders on this effort. Additionally, if a recipient is unable to successfully use the EBT system, counties have the option of providing an alternative benefit delivery method. This may include the use of warrants or direct deposit for clients that have an existing bank account or are able to establish a bank account.

**8. Is there a cost to have EBT cash access deactivated at ATMs?**

A: To date the State has not incurred a cost associated with the deactivation of ATMs.

**9. How will the Department ensure that banking institutions are not taking a large portion of a client's grant by charging high surcharge fees?**

A: Information on how to redeem cash benefits without paying a surcharge fee is provided and made available to EBT cardholders. A list of surcharge-free or low-fee ATM locations can be obtained on the EBT Client Website or at the county welfare office. The Department and ACS are committed to trying to secure commitments for surcharge-free access from ATM owners, although the Department does not have any authority over the banking institutions on how much they can impose in surcharge fees. On April 27, 2009, the Department sent letters to the major banks and credit unions doing business in California, asking these financial institutions not to impose surcharge fees to EBT cardholders.

**10. How will EBT cardholders be notified that certain ATMs have been deactivated?**

A: Information has been posted on the EBT Client Website ([www.ebt.ca.gov](http://www.ebt.ca.gov)) informing EBT cardholders that cash access will no longer be available at certain locations, such as gaming and adult entertainment establishments. Additionally, an informational flyer has been developed which will be included in the counties' next available mailing of each recipient's quarterly status reporting form. The counties may also distribute the flyer to community based organizations for dissemination to recipients. A list of ATM locations where EBT cardholders can access their cash benefits can be obtained from a local county welfare office.

**11. Are there measures being taken to identify potential fraud?**

A: In the development of the EBT system, transaction reports were created to assist counties in identifying and investigating potential fraud. All counties have access to these reports. Counties using these reports review the case circumstances to determine if the recipient might have reasons for making certain EBT transactions.

**12. What revisions are being made to the SAWS 2A QR – Rights and Responsibilities form?**

A: The changes are as follows:

The “YOUR RIGHTS” section on page one of the SAWS 2A QR has been revised to add the following phrases:

*26. To have reasonable access to a location where I can withdraw my cash benefits with no or minimal costs,*

*27. To get a brochure that will tell me how to use my EBT card and how to get my cash benefits at no or minimal costs,*

*28. To get a list of surcharge-free ATMs and stores where I can get cash back at no cost when I make a purchase with my EBT card. I can get a list of these locations from my county worker or at [www.ebt.ca.gov](http://www.ebt.ca.gov).*

The Applicant/Recipient Certification section on page ten of the SAWS 2A QR form has been revised to add the phrase:

*I understand that one of the intended purposes for the cash aid is to help meet the basic needs of my family, including housing, food and clothing.*

**13. How will the revised SAWS 2A QR – Rights and Responsibilities form be rolled out?**

A: The CDSS issued the revised form to all counties with instructions to use the new form immediately. Applicants will receive the new form, and will be informed of all their rights and responsibilities as part of the application process. Recipients will receive the updated form as part of their annual redetermination interview. The adult applicant and recipient signs the last page of this form certifying to the fact that they have received a copy of the form, and that they understand their rights and responsibilities and agree to comply with their responsibilities.

**14. Does this mean that clients are only allowed to use their cash aid for basic needs?**

A: No, clients have full discretion in how they use their cash aid. Clients currently certify that they have received the form and understand their rights and responsibilities. The form has been updated to highlight the intended purpose of the cash aid grant. Additionally, the client's signature documents the county's compliance with the requirement to inform the clients of their rights and responsibilities in the program.

