

Division 16            Electronic Benefit Transfer System

Chapter 16-000        General

16-001        General System Information

16-001

HANDBOOK BEGINS HERE

- .1    An on-line Electronic Benefit Transfer (EBT) System is an issuance system in which benefits are stored in a central computer database and electronically accessed by cardholders at a POS terminal, ATM, and other electronic fund transfer device utilizing a reusable plastic card.
  - .11    When determined eligible, the recipient's benefit information is electronically loaded each month into a central computer account during the certification period.
  - .12    A magnetic-stripe plastic card is used to access the recipient's account in lieu of issuing food stamp coupons to purchase food items at authorized food retailers or in lieu of issuing cash warrants to purchase goods or services. Cardholders shall use the same EBT card to access food stamp and cash benefit accounts (if the CWD elects to issue cash benefits through the EBT system).
  - .13    The cardholder will access the benefit account by swiping the EBT card through a POS terminal at a retailer for a purchase transaction. The following is a brief general description of the steps of a transaction:
    - .131    Connect on-line to the central processor database;
    - .132    Verify the validity of the Personal Identification Number (PIN), card number and the amount of available benefits in an EBT account;
    - .133    Obtain authorization for each purchase;
    - .134    Initiate the debiting of the recipient's account and the crediting of the retailer's account;
    - .135    Send the transaction information to the central processor for maintenance of transaction history;
    - .136    Provide the cardholder a printed receipt indicating the remaining balance after the transaction has been completed.

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- .2 The CWD shall use the EBT system to issue the following program benefits:
  - .21 Food Stamp Program
  - .22 California Food Assistance Program
- .3 The EBT system may be used to issue the following:
  - .31 Upon election of the county, benefits under Chapter 2 (commencing with Section 11200) of Part 3, e.g., CalWORKs benefits
  - .32 With the approval of the Department, the EBT system may also be used for the distribution of other benefits.
- .4 Counties shall implement the Division 16 EBT regulations and other EBT regulations contained in the Manual of Policies and Procedures (MPP), including, but not limited to, MPP Division 20 and Division 44, when the statewide EBT system is implemented in the county.

Authority Cited: Sections 10077, 10553, 10554, 18904, and 18904.1, Welfare and Institutions Code.

Reference: Sections 10065, 10069, 10072(c), 10075.5, and 10077, Welfare and Institutions Code; and 7 CFR 274.12(a) [finalized April 1, 1992], (a), and (g)(3).

Amend Section 16-003 to read:

16-003      General Information

16-003

In administering the regulations in Division 16, the county must comply with all civil rights laws, and the rules; and regulations of Division 21. This provision also applies to contractors and subcontractors performing any and all county functions.

Authority Cited: Sections 10077, 10553, 10554, 18904, and 18904.1, Welfare and Institutions Code.

Reference:        Sections 11135 through 11139.5, Government Code.

Amend Sections 16-005(b)(2), (c), (d), (e), (f)(5), (h)(1), and (i)(1) to read:

16-005 Definitions

16-005

- (a) (1) Account – A food stamp or cash EBT account.
- (2) Administrative Terminal Interface – A PC-based software application that will provide real-time, on-line access to the EBT system from county office locations and terminals. This interface will effectively be a direct link between the local office terminal within the respective county and the EBT system.
- (3) Assistance Unit (AU) – A group of related persons living in the same home who have been determined eligible for CalWORKs benefits.
- (4) Authorized Representative (AR) – The person designated by a food stamp household to act on behalf of the household in one or all of the following capacities: making application for the Food Stamp Program, obtaining and using benefits. The AR will receive an EBT card to access the food stamp benefit account for the purpose of purchasing food items on behalf of the food stamp household.
- (5) Automated Clearing House (ACH) – A financial network that is part of the Federal Reserve banking system and is used to process electronic funds requests. The ACH network is typically used in a food stamp EBT system to transfer credits from the concentrator bank to financial institutions holding retailer accounts.
- (6) Automated Response Unit (ARU) – Automated phone system that accepts data from touch-tone telephones and responds with synthesized voice commands and information. Used in an EBT system to provide numerous functions such as balance information or to authorize manual transactions.
- (7) Automated Teller Machine (ATM) – Unattended terminal from which one or more cash EBT and/or banking transactions can be performed, including balance inquiries and cash withdrawals. Requires card access.
- (8) Availability Date – A date assigned to every recipient's benefit issuance that determines the date on which that benefit is to be accessible to the cardholder.
- (b) (1) Balance Inquiry – A nonfinancial transaction that permits the cardholder to obtain the current balance of the recipient's account.

- (2) Batch Interface – An interface between a county eligibility system and the EBT system. Various records, wrapped in a batch header and ~~footer~~ trailer, are transmitted from the eligibility system processor to the EBT system at a minimum of daily and possibly more often. Each record will direct the EBT system to perform certain functions, such as set up an EBT account, and will provide the necessary data to perform the function. Batch files for each county's batch processing will constitute independent files. These files will be transmitted as available.
  - (3) Business Day – Any day that the Federal Reserve Bank of New York is open for business.
- (c)
- (1) Calculated Net Benefit Issuance – The total issuance by availability date minus any returns.
  - (2) Card Authentication Value – A cryptographic value encoded on Track 2 used to validate its contents.
  - (~~2~~) Cardholder – An individual who has been issued and authorized to use a card. Cardholder can be the recipient or other designated individuals.
  - (~~3~~) Caretaker Relative – A relative, related to the degree specified in MPP Section 82-808.11 who lives with a child who is part of the filing unit, and exercises responsibility for the day-to-day care and control of the child.
  - (~~4~~) Case – A single beneficiary unit receiving benefits from one or more programs through a single recipient account.
  - (~~5~~) Cash – Any other non-Food Stamp program, e.g., CalWORKs, General Assistance.
  - (~~6~~) Cash Withdrawal Transactions – A transaction in which a cardholder obtains cash at a POS or ATM location without also making a purchase.
- (d)
- (1) Designated Alternate Cardholder (DAC) – A responsible individual designated by the head of the assistance unit to receive an EBT card and PIN to access cash benefits. This individual is not a member of the assistance unit.
  - (2) Doctor or Medical Licensed Practitioner – A licensed health care professional authorized by state law to diagnose/treat physical and/or mental impairments. This includes, but is not limited to, Doctors of ~~m~~Medicine, Acupuncturists, Chiropractors, Educational Psychologists, Nurse Practitioners, Nurses (Registered and Vocational), Physical Therapists, Psychiatrists, Psychiatric Technicians, and Clinical Psychologists.
  - (3) Dormant Account – Status of an EBT account indicating that no debit activity has taken place for 90 days.

- (e)
  - (1) Electronic Benefit Transfer (EBT) – The electronic transfer of government funds to individuals through the use of card technology and ATMs and POS terminals.
  - (2) EBT Card – A plastic card, issued in accordance with Chapter 16-500, which bears the QUEST Mark and which can be used to effect transactions.
  - (3) EBT Contractor – The entity with which a government entity contracts for the implementation, maintenance and operation of an EBT program.
  - (4) EBT Host – The EBT host computer is the central account management component of the EBT system. It is the computer system that is used for processing cardholder transactions, maintaining transaction histories, performing account reconciliation, and conducting settlement, and is the source for all EBT reporting.
  - (5) Eligibility System Interface – The mechanism by which data is shared between the county eligibility systems and the EBT system. The eligibility system interface may be a batch eligibility interface, host-to-host eligibility interface, and/or administrative terminal interface.
  - (6) Expunged Account – Status of an EBT account indicating that no debit activity has taken place for 270 days.
- (f)
  - (1) FNS Authorized Retailer – Any firm, i.e., retail food store, that is authorized by FNS to accept and redeem food stamp benefits.
  - (2) Food and Nutrition Service (FNS) – The Food and Nutrition Service of the US Department of Agriculture. The FNS administers the Food Stamp Program.
  - (3) Food Stamp Merchandise Refund – A transaction initiated with a card to credit a cardholder's food stamp account for a return of merchandise originally purchased under the Food Stamp Program with the same card.
  - (4) Food Stamp Program – A food assistance program governed by FNS that helps low-income people buy the food they need for good health. The program is operated under the authority of the Food Stamp Act of 1964, as amended.
  - (5) Food Stamp Purchase – A transaction initiated with a card at an FNS retailer that is authorized from a food stamp account, the entire transaction amount of which is for the purchase of products or services permitted under the Food Stamp Program.
- (g) Reserved

- (h) (1) Host-to-host Interface – An interface that provides real-time, on-line access between local office staff and the EBT system. A real-time transaction based link is created between the EBT system and a county or consortia host system. The county or consortium ~~uma~~ host system reformats and forwards all transaction requests received from the local office to the EBT system, and receives acknowledgements from the EBT system and returns them to the requesting local office terminal. Host-to-host eligibility interface leverages existing networks and equipment and avoids the need for duplicate data entry.
- (i) (1) Interoperable Transaction – A transaction initiated with a card issued by one issuer at a terminal of an acquirer that has an acquirer agreement with an issuer other than that of the issuer that issued the card. Interoperable transactions in the statewide EBT system enables cardholders to use their state EBT card in other EBT project areas such as; San Bernardino or San Diego counties or other states.
- (2) Issuer – A depository institution that has entered an agreement with a government entity or prime contractor to undertake the responsibilities of an issuer ~~under the Quest Operating Rules~~. The EBT Contractor is the California EBT card issuer and is responsible for approving and settling California EBT benefit transactions.
- (j) through (l) Reserved
- (m) (1) Magnetic Stripe – A stripe of magnetic tape that is affixed on the reverse side of the EBT card that meets all applicable industry standards.
- (2) Manual Food Stamp Transaction – An off-line food stamp transaction.
- (n) (1) Non-settling Transactions – Benefits returned to the county. They do not involve a flow of funds or a reimbursement to a benefit provider. They include expungements, repayments and coupon conversions.
- (o) (1) Off-line – An EBT system or transaction in which individual purchases are authorized without telecommunication between the POS device or ATM and EBT host. In an "off-line" EBT system, data on recipient account balance is maintained on the access card, and purchase authorization only requires contact between the card and local device.
- (2) On-line – An EBT system or transaction in which authorization of individual purchases requires telecommunication between the POS device or ATM and EBT host in which real time data on account balances is maintained.

- (p) (1) Personal Identification Number (PIN) – A four to six character alphanumeric code issued to or selected by a cardholder.
- (2) Point of Sale (POS) – Typically used to reference equipment (e.g., terminal, PIN pad and printer) at a retail location that is used to initiate the electronic debit of recipient accounts and credit to retailer accounts as a purchase is being made.
- (3) Primary Account Number (PAN) – The account number that identifies the issuer and the cardholder and that is fully displayed and encoded on the card.
- (q) (Reserved)
- (r) (1) Receipt – In commercial networks, hard copy description of a transaction that took place at the POS or ATM, containing at a minimum the date, merchant name and location, primary account number (truncated), type of account accessed, amount, reference number, and an action code.
- (2) Reconciliation – The daily process of balancing the EBT system and resolving any discrepancies in the various internal and external accounts.
- (3) Reject – A record that has a missing data element in the record which is sent by the county to the EBT Contractor.
- (s) (1) Settlement – The process by which retailers and ATM owners are reimbursed on a daily basis for authorized benefits they have redeemed during the most recently completed transaction day and by which funds are drawn from each individual benefit program's funding account to cover that day's financial settlement.
- (2) Surcharge – A fee added to a transaction by an acquirer, terminal operator or merchant for a transaction initiated at a POS or ATM terminal.
- (t) (1) Third Party Processor – An entity, other than the one with which the State has contracted, that drives and maintains retailer POS terminals, authorizes and processes transactions, and settles retailer accounts.
- (2) Trafficking – As defined by 7 CFR 271.2, trafficking means the buying or selling of coupons, ATP cards or other benefit instruments for cash or consideration other than eligible food; or the exchange of firearms, ammunition, explosives, or controlled substances, as defined in Section 802 of Title 21, United States Code, for food stamp benefits.
- (3) Transaction Day – A 24-hour daily cycle for which funds settlement occurs.

- (u) (1) Unlinked Benefits – Benefits which are placed in the EBT Contractor's pending file by the county's eligibility system because they cannot be matched to an active recipient's account. The county will receive a Pending Report from the Contractor in order to reconcile to daily authorizations.
- (v) (1) Void – A benefit issuance record that is removed from the EBT system prior to its availability date.
- (w) through (z) Reserved

Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code.

Reference: Sections 10065, 10069, 10072(e), and 10077, Welfare and Institutions Code; 7 CFR 271.1(a); 7 CFR 271.2; 7 CFR 271.3; 7 CFR 274.12(a), (f), (g)(4), (i)(3), and (k)(1); and 7 CFR 278.1(j).

2) Adopt new Section 16-007 to read:

16-007      Definitions – Forms

16-007

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.1      This section lists and defines those forms which are used in the Electronic Benefit Transfer System and referenced in regulations.

.11      Forms are listed alphabetically by the alpha form designation and number.

.12      The revision date of the form currently in use is specified for each form.

.13      The alpha form designations mean the following:

.131      "CW" means California Work Opportunity and Responsibility to Kids (CalWORKs).

.132      "DFA" means Division of Financial Administration.

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.2      The following forms are incorporated by reference:

(a)      CW 61 (Rev. 7/01) – Authorization to Release Medical Information

(b)      DFA 256 (Rev. 3/98) – Food Stamp Program Participation and Coupon Issuance Report

(c)      DFA 885A (Rev. 6/02) – Federal Issuance Reconciliation Report (Federal Only)

(d)      DFA 885B (Rev. 6/02) – State Option Issuance Reconciliation Report (State Option Only)

(e)      DFA 885C (Rev. 6/02) – Total Issuance Reconciliation Report (Federal + State Option)

Authority Cited:      Sections 10553 and 10554, Welfare and Institutions Code.

Reference:              Sections 10065, 10069, 10072, and 10077, Welfare and Institutions Code; and 7 CFR 274.12(k)(1).

- .1 Each CWD shall transmit and receive information from the EBT system utilizing one or more of the following established interface methods:
  - .11 Standard Batch Eligibility Interface. This is required in all counties.
  - .12 Standard Host-to-Host Eligibility Interface.
  - .13 Administrative Terminal Interface.
- .2 The eligibility system interface will be used for administrative transactions which include, but are not limited to, the following:
  - (a) Account setup
  - (b) Update account information
  - (c) Add program benefits to an existing card
  - (d) Add or remove additional cardholders to existing account
  - (e) Benefit authorization
  - (f) Card issuance
  - (g) Card replacement
  - (h) Recipient PIN selection
  - (i) Food stamp coupon conversion
  - (j) Status the EBT card (i.e., deactivate card)
  - (k) Recipient account inquiry (including real-time balance by program)
  - (l) Reactivation of inactive account

(m) Voluntary claim repayment

Authority Cited: Sections 10077, 10553, 10554, 18904, and 18904.1, Welfare and Institutions Code.

Reference: Sections 10065, 10069, 10077, and 10600, Welfare and Institutions Code; and 7 CFR 274.12(a) and (f).

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- .1 It is recommended that all users, other than cardholders, of the EBT system and other connected systems address security and privacy requirements in the following areas:
  - (a) System and application access/control for administrative terminals
  - (b) Security roles and responsibilities for administrative (personnel) tasks
  - (c) Physical security (building access, administrative terminals and associated peripheral devices)
  - (d) Personnel identification and authentication
  - (e) Data sharing (authorized/unauthorized)
  - (f) Transmission of data
  - (g) Audit control procedures
  - (h) Backup of data
  - (i) Care and storage procedures of data
  - (j) Procedures for destruction of confidential and sensitive data
  - (k) Information security incidents reporting procedures
- .2 Security policies should be implemented and updated on a regular basis prior to implementation of the EBT system.

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Authority Cited: Sections 10077, 10553, 10554, 18904, and 18904.1, Welfare and Institutions Code.

Reference: Sections 10065, 10069, and 10077, Welfare and Institutions Code; 7 CFR 274.12(a), (f)(1), and (i)(3).

Amend Section 16-105 to read:

Chapter 16-100 EBT Account

16-105 EBT Account Setup 16-105

- .1 Account setup information shall be provided by the CWD and transmitted to the EBT Contractor using the standard EBT interfaces.
- .2 The CWD shall transmit batch files in a manner consistent with system interface ~~within a specific time frames pursuant to Sections 16-215.1 and .2.~~
- .3 On-line transmission of account setup transactions shall be used to setup an account for an emergency/urgent case.
- .34 Recipient case data necessary for the setup of an EBT account shall include, but is not limited to:
  - .341 Welfare case identification number
  - .342 Recipient name (last/first/middle initial)
  - .343 Date of birth
  - .344 Social Security Number (SSN) or corresponding 000's if recipient does not have an SSN.
  - .345 Address
  - .346 Transaction type identifier (setup, change account data, or modify account status)
  - .347 Recipient code(s) (to indicate if the cardholder is the recipient, AR, etc.)
  - .348 Optional recipient identifier
  - .349 Location and/or worker identifier
- .45 Inter-County Recipient Move
  - .451 The CWD shall establish a new EBT account for a recipient who moves from one county and establishes eligibility in another county. See Section 16-510.43.

.56 For all cases, other than expedited issuance cases, the CWD shall transmit account setup data prior to the issuance of a card.

Authority Cited: Sections 10077, 10553, 10554, 18904, and 18904.1, Welfare and Institutions Code.

Reference: Sections 10065, 10069, 10072(a), and 10077, Welfare and Institution Code; and 7 CFR 274.12(a) and (f)(1).

Amend Sections 16-120.122 and .133 to read:

16-120 Account Aging and Expungement 16-120

- .1 An EBT account aging status may be inactive, dormant, or expunged.
  - .11 Inactive Account Status are accounts for which no debit activity by the cardholder have been posted for 45 days.
    - .111 The CWD shall receive a monthly report to identify accounts to which no debits have been posted for 45 days.
    - .112 Upon receiving the 45-day report or when the CWD becomes aware that no debit activity has occurred for 45 days, the recipient shall be notified that after a total of 90 days of inactivity the benefits will become inaccessible, and how the recipient can reaccess the benefits.
  - .12 Dormant Account Status are accounts for which no debit activity by the cardholder have been posted for 90 days.
    - .121 The CWD shall receive a monthly report to identify accounts on which no debits have been posted for 45 - 89 days. When no debits have been posted on an account for 90 days, the recipient must contact the CWD in order to access the account benefits or upon reapplication.
    - .122 The CWD shall use the administrative terminal or host-to-host or batch interface to reinstate benefit availability. The benefits shall be reinstated and accessible to the recipient within 24 hours after the CWD has transmitted the request to the EBT system.
  - .13 Expunged Status – After the benefits have been available for a total of 270 days or more, with no debit activity, those benefits shall be expunged from the EBT host. The CWD will receive reports indicating benefits expunged and the benefit balance remaining at the time of expungement.
    - .131 Expunged food stamp benefits shall not be reinstated.
    - .132 Food stamp issuance reports shall reflect the adjustment in issuance totals in order to comply with federal monthly issuance reporting requirements.
    - .133 The CWD shall maintain an accounting of expunged cash benefits and reissue the cash benefits upon as soon as is practicable, but in no event more than 30 calendar days after receipt of the recipient request recontact or reapplication.

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.134 The EBT Contractor expunges benefits on a daily basis.

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- .2 Any remaining food stamp benefits in the recipient's food stamp account shall be expunged if the household fails to spend the benefits within one week after conversion of food stamp electronic benefits to food stamp coupons, pursuant to Section 16-315, Food Stamp Benefit Conversion.

Authority Cited: Sections 10077, 10553, 10554, 18904, and 18904.1, Welfare and Institutions Code.

Reference: Sections 10065, 10069, and 10077, Welfare and Institutions Code; 7 CFR 274.12(a), (g)(6)(vi), and (g)(7); FNS Letter to EBT Coordinators FS 9-5-1/EBT GEN, dated September 28, 1998; California Approved Waiver Request #980070 and #980071 for 7 CFR 274.12(f)(7) and (f)(7)(i) [subsequently renumbered to 7 CFR 274.12(g)(7) and (g)(7)(i)]; and Preamble, Federal Register, Vol. 57, No. 63, April 1, 1992.

- .1 The CWD shall have access to recipient account balances and transaction history data through administrative terminals.

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- .2 At a minimum, the transaction history record will include:

- (a) Recipient name
- (b) PAN
- (c) EBT account number
- (d) Benefit program identifier
- (e) Transaction type (e.g., food stamp purchase, cash)
- (f) FNS number for Food Stamp Program transactions
- (g) Merchant identification
- (h) Retailer or bank name
- (i) Transaction location
- (j) Transaction amount
- (k) Transaction date
- (l) Itemized transaction fees and/or surcharges.

- .3 A rolling 90 days transaction history will be maintained and accessible through administrative terminals. After 90 days, transaction history data will be maintained off-line for four years.

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- .4 Upon request of CWD, transaction history information stored off-line will be retrieved and provided in a time frame not to exceed five business days.
- .5 The CWD shall assist the cardholder obtain transaction history by directing the cardholder to use the ARU to review the last ten transactions or the Customer Service Center for more extensive transaction history.

.51 Upon the cardholder's request, the Customer Service Center will send a two-month transaction history to the recipient's address within five business days.

Authority Cited: Sections 10077, 10553, 10554, 18904, and 18904.1, Welfare and Institutions Code.

Reference: Sections 10065, 10069, 10077, Welfare and Institutions Code; and 7 CFR 274.12(a) and (g)(2).

Amend Section 16-201 to read:

Chapter 16-200 EBT Benefits

16-201 Benefit Authorization

16-201

.1 The CWD shall transmit benefit authorization records containing each day's authorizations to the EBT Contractor.

.11 For ongoing cases, the CWD shall authorize benefits at a minimum of once per month.

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.111 Though the monthly authorization file will be transmitted at one time each month, the actual dates of benefit availability will be staggered.

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.12 At a minimum, the CWD shall also transmit benefit authorizations daily including, but not limited to, authorizations for new accounts and supplements (i.e., underpayments) for existing accounts.

.2 On-line transmission of benefit authorization data shall be used to authorize benefits for an emergency/urgent case.

.23 Benefit authorization data fields shall include, but are not limited to, the following:

.231 Welfare case identification number

.232 Benefit program identifier

.233 Benefit type

.234 Benefit amount

.235 Benefit availability date

.236 Benefit month and year

.237 Location and/or worker identifier

Authority Cited: Sections 10077, 10553, 10554, 18904, and 18904.1, Welfare and Institutions Code.

Reference: Sections 10065, 10069, 10077, Welfare and Institutions Code; and 7 CFR 274.12(a) and (f)(1).

Amend Section 16-215 to read:

16-215 Benefit Availability

16-215

~~.1 The CWD shall ensure EBT issued benefits are available to the recipient in compliance with issuance time frames established by the benefit program regulations.~~

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~~.11 For example, in the EBT issuance of food stamp benefits, a food stamp household that is entitled to expedited service shall receive their food stamp benefits in accordance with MPP Section 63-301.531.~~

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~~.2 To meet expedited service or immediate need time frames, the CWD shall transmit account setup and benefit authorization data via eligibility system interface.~~

~~.21 The EBT card issuance and PIN selection may take place at a designated county location.~~

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~~.22 The EBT system will be able to provide same day account setup, benefit authorization, and card issuance in order to provide same day access to benefits as may be required to meet program requirements.~~

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.31 The CWD shall inform the recipient of the benefit availability date to access benefits.

.42 A CWD may change the benefit issuance cycle.

.421 Any change shall be done in conformity with CDSS requirements for benefit issuance.

.422 Recipients shall be notified at least 10 days in advance as specified in MPP Section 22-001t.(1) of any such change.

.53 Each CWD shall stagger food stamp benefits over the first 10 calendar days of the month for ongoing households, i.e., subsequent food stamp issuance after the household's initial benefit issuance.

.64 Counties electing to use the EBT system to issue cash benefits shall stagger cash issuance over the first three calendar days of the month for ongoing benefit issuance.

- .641 Section 16-215.~~64~~ may be waived on a countywide basis for ~~CalWORKs~~ cash program benefits for the issuance of benefits in less than three days, allowing for a shorter cash benefit issuance time frame, with CDSS approval. The CWD must submit a written waiver request to CDSS.
- .642 At recipient's request for a hardship exemption, the CWD shall determine on a case-by-case basis whether to exempt a recipient from the three-day staggering requirement of Section 16-215.~~64~~. Hardship includes, but is not limited to, the incurrence of late charges on the household's housing payments.
- .643 General Assistance (GA) may be staggered over a period longer than three days at the CWD's discretion.
- .75 Benefit balances that remain in the recipient's account after the issuance month shall be carried forward month to month and are available to the recipient unless the benefit is subject to Section 16-120, Account Aging.

Authority Cited: Sections 10077, 10553, 10554, 18904, and 18904.1, Welfare and Institutions Code.

Reference: Sections 10065, 10069, 10072(c) and (l), and 10077, Welfare and Institutions Code; 7 CFR 274.2(d)(1); and 7 CFR 274.12(a), (f)(1), and (f)(2), (g)(4), (g)(7), and (g)(8).

Amend Section 16-301.23 to read:

Chapter 16-300 Benefit Transaction

16-301 General Benefit Transaction 16-301

- .1 Any benefits provided to recipients under Section 16-001.2 may be distributed through the EBT system provided recipients have reasonable access to their benefits.
- .2 EBT transactions are authorized only if:
  - .21 The transaction is initiated through a valid terminal, third party processor or network.
  - .22 The retailer has a valid FNS authorization number (for Food Stamp transactions).
  - .23 The card authentication value is verified.
  - .24 The card status is "active."
  - .25 The cardholder's PIN is verified.
  - .26 There are sufficient funds in the account to cover the amount of purchase or cash withdrawal and any fees or surcharges that are the cardholder's responsibility.
- .3 If any one of the conditions in Section 16-301.2 is not met, the transaction shall be denied. The transaction response shall include the reason for denial. When the denial is due to insufficient funds, the transaction response shall include the available balance.

Authority Cited: Sections 10077, 10553, 10554, 18904, and 18904.1, Welfare and Institutions Code.

Reference: Sections 10065, 10069, 10071, 10072(a) and (c), and 10077, Welfare and Institutions Code; and 7 CFR 274.12(a) and (g)(9).

- .1 No transaction fees shall be imposed on food stamp households utilizing the EBT system to access their food stamp benefits.
- .2 Food stamp electronic benefits shall be transacted at FNS authorized retailers for food stamp eligible items.
  - .21 The recipient's food stamp account shall be debited for the cost of the food purchased with food stamp benefits.
  - .22 A recipient's food stamp account shall be credited for the amount of the refund and a receipt will be provided to indicate the adjusted balance.
- .3 No minimum dollar amount per transaction or maximum limit on the number of transactions shall be established.
- .4 Food stamp electronic benefits shall not be converted to cash. No cash change will be given to cardholders when using food stamp electronic benefits.
- .5 No EBT access to Food Stamp Program benefits shall be permitted beyond the United States and its territories.
- .6 Manual Voucher
  - .61 The manual voucher process shall be used in Food Stamp Program transactions when:
    - .611 Retailers and non-traditional retailers such as farmers' markets and route vendors do not have access to a POS device.
    - .612 The retailer's system cannot communicate with the EBT host during a food stamp transaction such as when the PIN pad, card reader, or POS terminal fails, or there is a problem with an intermediate third party processor.
      - (a) In such instances, if the telephone lines are operational, the retailer shall call the retailer assistance service number to receive an authorization number for the transaction and complete the transaction using a manual voucher process.
      - (b) If telephone authorization was not obtained at the time of purchase, and the transaction is denied for insufficient funds, the retailer is liable for the full transaction amount.

.613 The EBT host is unavailable for processing transactions.

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.62 Off-Line Transaction Floor Limit

.621 If the EBT host is unavailable for processing transactions, and cannot provide an authorization via the ARU or customer service center, the EBT Contractor shall invoke a floor limit.

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.63 At a minimum, the manual voucher shall include the amount of the transaction and the authorization number. The cardholder will sign and receive a copy of the voucher.

.64 Manual vouchers shall not be used to for cash benefit transactions.

.7 To ensure that recipients' normal shopping patterns are not disrupted, the EBT system shall provide for minimal disruption of access to and service in retail stores by eligible households. Normal shopping patterns will be identified by each CWD, and may extend beyond three miles of the state border.

Authority Cited: Sections 10077, 10553, 10554, 18904, and 18904.1, Welfare and Institutions Code.

Reference: Sections 10065, 10069, 10072(a), and 10077, Welfare and Institutions Code; 7 CFR 274.10(j); and 7 CFR 274.12(a) [finalized April 1, 1992], (a), (f)(2), (f)(4), (g)(1), (g)(9), (h)(3), and (h)(4).

Amend Section 16-315.61 to read:

16-315 Food Stamp Benefit Conversion

16-315

- .1 At the recipient's request, the CWD shall convert food stamp electronic benefits to food stamp coupons when the food stamp household is relocating to a state that is not interoperable and where electronic benefits are not portable from the household's current state of residence or the household leaves an EBT project area.
- .2 The CWD shall allow benefits in an EBT account to be converted to food stamp coupons for short-term absences from the EBT project area for family emergencies or similar isolated occurrences.
- .3 The CWD shall develop procedures for conversion that do not conflict with mailing restrictions regarding ATP or other authorization documents.
- .4 The CWD shall have the option of storing and converting food stamp coupons or having the EBT Contractor store and mail the food stamp coupons to the requesting recipient.
  - .41 The conversion of food stamp EBT benefits to coupons must occur within the following time frames:
    - .411 If food stamp coupons are stored at local agency locations, then the recipient shall receive benefits converted to food stamp coupons within one business day following the recipient's request.
    - .412 If the coupons are stored at a central location, or mailed by the EBT Contractor, the recipient must receive the coupons within three business days following the request.
- .5 EBT food stamp benefits remaining in an account shall be rounded down to the nearest dollar amount suitable for coupon issuance.
- .6 The household shall be required to spend any remaining balance that cannot be converted to food stamp coupons.
  - .61 When a recipient fails to spend the remaining benefits within one week after conversion occurs, the ~~F~~food ~~S~~tamp benefits shall be expunged from the recipient's EBT account as specified in Section 16-120.
    - .611 The CWD shall report the adjustment to FNS as specified in Section 16-120, Account Aging.
- .7 A limit on the number of times a household converts to food stamp coupons shall not be imposed on households.

- .8 The CWD shall prohibit conversions to food stamp coupons solely for purposes of shopping outside the EBT project area.
- .9 Splitting food stamp benefits between food stamp coupons and food stamp electronic benefits at the time of issuance shall not be permitted.

Authority Cited: Sections 10077, 10553, 10554, 18904, and 18904.1, Welfare and Institutions Code.

Reference: Sections 10065, 10069, 10077, Welfare and Institutions Code; and 7 CFR 274.12(a) and (g)(6).

Amend Handbook Section 16-320.41 to read:

16-320      Cash Transaction      16-320

- .1 Using the EBT system for cash benefit issuance is a county option. MPP Sections 16-320 and 16-325 shall not apply to counties not issuing cash benefits via the EBT system.
- .2 Cardholders shall access their EBT cash benefits at POS devices or ATMs or other devices that accept cash EBT transactions.
- .3 Cash EBT transactions include the following:
  - .31 Cash withdrawal
  - .32 Purchase
  - .33 Purchase with cash back
  - .34 Balance Inquiry
- .4 The CWD shall provide the cardholder with information on locations where cash benefits may be obtained and information on additional charges (e.g. fees and surcharges).

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- .41 The CWD will receive a monthly report of locations where cardholders may obtain cash. This report ~~will~~ may include ~~those retailers~~ information such as cash access locations that provide \$200 or more without fee or surcharge, ~~as well as other retailers providing~~ any restrictions to access including purchase requirements and limits on cash back, bill payment services, ~~or locations providing~~ and financial services.

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- .5 Cardholders will not be charged a transaction fee by the EBT Contractor for the first four cash-only withdrawal transactions per case per month. After the first four cash-only withdrawal transactions, the cardholder may be charged a fee.
- .6 The cardholder may choose to make cash withdrawal transactions at locations that impose additional charges (e.g., fees and surcharges).

- .7 Surcharges incurred by the recipient on the first four cash withdrawal transactions, or fees and surcharges for any other cash EBT transactions that are the recipient's responsibility shall be deducted from the recipient's cash account at the time of the transaction.

Authority Cited: Sections 10077, 10553, 10554, 18904, and 18904.1, Welfare and Institutions Code.

Reference: Sections 10065, 10069, 10072(c) and (k), and 10077, Welfare and Institutions Code; and 7 CFR 274.12(a).

Renumber Sections 16-325.3 et seq. and .4 and amend renumbered Sections 16-325.3, 311(a), .313(a), and .32 to read:

16-325 Alternative Methods to EBT Cash Benefit Delivery 16-325

- .1 In those counties issuing cash benefits through the EBT system, all such cash benefits shall be distributed via EBT or an alternative method. Alternative methods include direct deposit, as provided in MPP Section 25-301 or the receipt of a warrant. Those cash benefit recipients already receiving benefits via direct deposit shall continue to do so unless they request a change.
- .2 At the option of the payee, the CWD shall provide EBT cards to other adult assistance unit members or a designated person outside of the assistance unit, as provided in Section 16-505.
- .3 To continue to receive a warrant, an individual must demonstrate ~~their~~ his/her inability to successfully use the EBT system.

.31 The criteria required to demonstrate this inability are as follows:

.311 Physical or Mental Incapacity or Condition

~~.311~~

(a) An individual who has a permanent or temporary physical or mental condition preventing ~~them~~ him/her from successfully using ~~POS or ATM devices required to access benefits via~~ EBT may receive benefits via a warrant.

.312 Verification

~~.321~~

(a) To receive a warrant due to physical or mental condition, the individual must either:

(a1) provide written verification (CW 61 Rev. 7/01 or its equivalent) from a doctor or medical licensed practitioner (as defined in Section 16-005) identifying the condition and its expected duration, or

(a2) have a condition that is readily apparent to the CWD or has previously been documented.

~~.322~~

(b) The county may review the individual's condition at the time the condition is expected to end.

.323

(c) The individual shall be required to provide the verification within 60 days from the date of the claim of the condition or the date of application, whichever is later. During the 60-day period the individual may receive their cash benefits via a warrant.

.313 Other

.331

(a) A recipient may also continue to receive ~~their~~ his/her benefits via warrant due to their inability to successfully use the EBT system because of other barriers. Such other barriers may include, but are not limited to, remoteness or language barriers. Such requests may be approved at CWD discretion on a case-by-case basis. The CWD, at its discretion, may review approval of benefit issuance via warrant due to changes in the recipient's circumstances.

-4 .32 A recipient's request to receive benefits via warrant should be approved only after the CWD has informed the recipient/applicant's ~~consideration~~ of other available alternatives, e.g., individualized training, direct deposit, or cards issued to other adult household/assistance unit members, or other third party not part of the household or assistance unit.

Authority Cited: Sections 10072 ~~and 11006.2~~, Welfare and Institutions Code.

Reference: Sections 10065, 10069, 10072(d) and (e), 10077, and 11006.2, Welfare and Institutions Code; and 7 CFR 274.12(a).

Amend Sections 16-401.113, .15, and .17 to read:

Chapter 16-400 Settlement, Reconciliation, and Reporting

16-401 Cash Settlement Process

16-401

.1 Managing the Settlement Process for Cash

- .11 Each county participating in the cash program has the management responsibility to ensure:
  - .111 A settlement account is established in a bank capable of processing the federal wire or ACH electronic debit transaction.
  - .112 The bank is available to process these transactions on every business day. The county shall ensure the EBT Contractor has the ability to debit the county account on every business day.
  - .113 ~~Monies are available timely in the funding account to cover the daily settlement. The county shall obligate and ensure that the funds are available in the settlement account to cover the daily cash settlement on the day of settlement.~~ Sufficient funds are obligated to cover all cash benefit issuances and funds are available to cover the daily cash settlement.

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- .12 The State will monitor settlement to ensure the process is consistent with requirements.

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- .13 Each county shall establish a management and operations structure to support settlement. The county shall have a contact person and a backup contact person responsible for the daily settlement to resolve any issues with the EBT Contractor.
- .14 If a county fails to make funds available, the EBT Contractor remains liable to settle with the retailers and ATM owners that redeemed benefits. The EBT Contractor will cover the settlement funds as necessary for the settlement and will charge interest for the use of the funds. The county shall be responsible for the interest liability incurred and any fees associated with late settlement.

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- .141 The county's obligation to pay interest and any fees associated with late settlement shall not apply until the third occurrence of a late settlement during a 12-month period.

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- .15 In the event of the county's failure to settle with the EBT Contractor, the State is obligated to reimburse the EBT Contractor for settlement. The county shall be required to reimburse the State for the county's settlement. Reimbursement shall be achieved by direct payment to the State or by State administrative offset of ~~county~~ funds owed or payable to the county.
- .16 If a county refuses or is unable to fund settlement, the State may terminate the cash EBT services of the county.
- .17 The county shall be responsible for resolving problems with settlement that arise in connection to the EBT system. The county shall continue without delay to carry out all ~~their~~ of its respective responsibilities while attempting to resolve the dispute.

Authority Cited: Sections 10077, 10553, 10554, 18904, and 18904.1, Welfare and Institutions Code.

Reference: Sections 10065, 10069, 10075.6, 10077, 10600, and 15153.2, Welfare and Institutions Code; and 7 CFR 274.12(a), (f)(3), (h)(5), (i)(2), (j)(1), (k), (k)(1), (k)(2), and (k)(5).

Amend Sections 16-410.14, .5 et seq., .6 et seq., and .7 to read:

16-410 Food Stamp and Cash Reconciliation Process

16-410

.1 Reconciliation Overview for All System Interfaces

- .11 For the Food Stamp Program, the county shall on a daily basis reconcile benefits entering into the EBT system with the county's eligibility system.
- .12 For the cash programs, the county shall on a daily basis reconcile benefits entered into, exiting from, and remaining in the EBT system with the county's eligibility system.
- .13 The county's eligibility system shall remain the primary keeper of all benefit obligations created. A benefit obligation is not created until the benefit has become available and is posted to the EBT on-line recipient account.
- .14 Within an EBT system the county shall reconcile between the ~~following~~ three interrelated but independent accounting systems:
  - .141 The county's eligibility system that is issuing benefits electronically and creating obligations.
  - .142 The EBT Contractor's EBT system that is managing the recipient benefit accounts and outstanding obligations.
  - .143 The funding system that is managing the funds required for settling the outstanding obligations.

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.2 Food stamps and cash benefits entering the EBT system fall under two categories.

- .21 Benefits issued.
- .22 Non-settling transactions.

HANDBOOK ENDS HERE

.3 Food Stamps and Cash System Interfaces

- .31 The county shall ensure all files are created and transmitted successfully to the EBT Contractor.
- .32 On a daily basis the county shall:
  - .321 reconcile benefits issued by the availability date.
  - .322 transmit to the EBT Contractor files for new accounts and supplements in accordance with Section 16-201.12.
- .33 The county shall send to the EBT Contractor a monthly file containing the recurring benefit issuance in accordance with Section 16-201.11.
- .34 The county shall produce and transmit its own county specific batch files even if they share a system and processing support with multiple counties.
- .35 To ensure that the files are accurately received by the EBT Contractor and that no duplicate files are transmitted, the county shall verify receipt of the return file, that the batch ID, record counts and dollar amount match against what was originally transmitted by the county.
- .36 If the return file has error code edits from the EBT Contractor, the county must correct the error.
- .37 The county shall track and manage unlinked benefits on a daily basis.

.4 Food Stamps and Cash EBT Rejects and Voids

- .41 The county shall track and manage rejects and voids on a daily basis.

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- .411 On a daily basis the EBT Contractor returns rejected records in the return file back to the county.

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- .42 The county shall either remove the rejected benefit and its related obligation from its eligibility system or correct the issuance and resubmit it to the EBT system without creating a duplicate obligation in the eligibility system. Rejects shall be corrected on a daily basis.
- .43 The county shall remove and void an issuance record and its related obligation from its eligibility system.

- .44 When necessary, the county shall correct the issuance and resubmit it to the EBT system without creating a duplicate obligation in the eligibility system.
- .5 Food Stamps and Cash Reconciliation of Benefits Entering the EBT System
- .51 The availability date on the county's eligibility system must match the availability date on the EBT system. The county shall ensure that benefits are activated on the availability date.
  - .52 The county shall verify and reconcile returned non-settling benefits on a daily basis.
  - .53 On a daily basis, the county shall identify and reconcile any discrepancies between its calculated net benefit issuance and that reported by the EBT Contractor. These discrepancies shall be researched by the county and corrected.
  - .54 If after verification, the county is unable to reconcile its issuance totals against that reported by the EBT Contractor, the county shall contact the EBT Contractor on a daily basis.
    - .541 The county shall be responsible for resolving reconciliation disputes and problems that arise in connection to the EBT system and shall document the reason for the discrepancy. The county shall continue without delay to carry out all ~~their~~ of its respective responsibilities while attempting to resolve the dispute.
  - .55 The county shall validate all issuances and return data in the Statewide Automated Reporting System (SARS) on a daily basis and research any variances that occur.
  - .556 In the absence of an operational SARS Aa separate benefit issuance reconciliation worksheet shall be maintained for the Food Stamp Program. CDSS will provide a template to the counties for the worksheet.
    - .5561 For the Food Stamp Program, the monthly worksheet shall be completed and submitted to CDSS by the 30th day after the end of each month.
- .6 Food Stamp Reconciliation of Benefits to the ~~FNS-46 and DFA 256~~ DFA 885A, B, and C Reports
- .61 The county shall, for the Food Stamp Program, reconcile the ~~monthly benefit issuance reconciliation worksheet~~ SARS Report with the ~~FNS-46~~ DFA 885A, B, and C Reports, segregating ~~F~~ederal food stamp and State food stamp issuances.
  - .62 The county shall submit a final ~~FNS-46~~ DFA 885A, B, and C ~~Reports~~ to the CDSS ~~and attach a copy of the monthly benefit issuance reconciliation worksheet as required by Section 16-410.55~~ by the 30th day after the end of each month.

- .63 The county shall ensure that the ~~benefit issuance reconciliation worksheet~~ DFA 885A, B, and C Reports ~~is~~ are reconciled to the State's Food Stamp Program Participation and Coupon Issuance Report, DFA 256, segregating Federal and State issuances.
- .7 Cash Reconciliation of Benefits Exiting the EBT System
  - .71 The county shall reconcile the reductions in ~~their~~ its cash accounts by program.
- .8 Cash Reconciliation of Benefits Remaining in the EBT System
  - .81 Each county shall reconcile the county's remaining obligations for the cash programs enrolled in EBT.
  - .82 The county shall ensure adequate reserves remain to fund the outstanding benefit obligations and to fund the settlement account on a daily basis.

Authority Cited: Sections 10077, 10553, 10554, 18904, and 18904.1, Welfare and Institutions Code.

Reference: Sections 10065, 10069, 10075.5, 10075.6, 10077, and 10600, Welfare and Institutions Code and 7 CFR 274.12(a), (g)(4), (i)(3), and (k)(1).

Amend Section 16-501.2 to read:

Chapter 16-500 EBT Card and PIN

16-501 EBT Cardholders 16-501

- .1 The CWD shall issue the recipient and other designated cardholder(s), pursuant to Section 16-505, individual EBT cards and PINs.
- .2 Each cardholder will have ~~their~~ his/her own EBT card with a unique PAN and may select ~~their~~ his/her own PIN. The cardholder uses the same EBT card and PIN to access the benefit account(s), e.g., food stamp benefits, cash benefits.
- .3 Multiple cards, if any, will be linked to the recipient's account.

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- .4 The EBT system has the capability to add new benefit program accounts to an existing card.
  - .41 If a recipient with an active card becomes eligible for additional benefit programs included in the EBT system, those benefits will be accessible through the recipient's and/or designated cardholder's existing EBT card.

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Authority Cited: Sections 10077, 10553, 10554, 18904, and 18904.1, Welfare and Institutions Code.

Reference: Sections 10065, 10069, 10072(e), and 10077, Welfare and Institutions Code; and 7 CFR 274.12(a), (f)(1), and (g)(5).

Amend Sections 16-505.1 and .21 to read:

16-505 Additional EBT Cardholders

16-505

- .1 At the option of the recipient head of household/assistance unit, the county shall provide ~~multiple~~ one EBT cards to each additional adult household/assistance unit members enabling them to access the household/assistance unit's benefits.
- .2 In addition to persons identified in Section 16-505.1, the head of the household/assistance unit may designate one additional responsible adult outside of the household/assistance unit to receive an EBT card and PIN.
  - .21 This individual may be designated by the head of household/assistance unit to act as authorized representative with access to food stamp benefits and/or a designated alternate cardholder with access to cash benefits. The head of household/assistance unit may opt to designate one individual to access cash benefits and a different individual to access food stamps benefits.
  - .22 If the CWD determines that no responsible adult is available to act as authorized representative/designated alternate cardholder, the head of household/assistance unit may designate a minor to act in that capacity.
  - .23 For the Food Stamp Program, an individual designated to act as authorized representative is subject to the provisions of MPP Section 63-402.6.

Authority Cited: Sections 10077, 10553, 10554, 18904, and 18904.1, Welfare and Institutions Code.

Reference: Sections 10065, 10069, 10072(e), and 10077, Welfare and Institutions Code; and 7 CFR 274.12(a).

Amend Sections 16-510.1, .212, and .3 et seq. and Handbook Section 16-510.214(b) to read; renumber Section 16-510.4 et seq. to Section 16-510.3 et seq.; and adopt new Section 16-510.4 to read:

16-510 EBT Card and PIN Issuance

16-510

- .1 The CWD shall determine when EBT cards and PINs will be ~~are~~ issued to recipients as ~~required to meet benefit program time frames, pursuant to MPP Section 16-215.~~ The EBT card and PIN issuance may occur either prior to or after final eligibility determination depending on county operational procedures. The CWD shall ensure that the EBT card and PIN are issued in order for the recipient to transact program benefits as soon as the benefits become available.
- .2 CWD option for EBT card and PIN issuance for ongoing operations.
  - .21 Each CWD shall have the option to issue EBT cards and PINs over-the-counter or to issue EBT cards and PINs to recipients via mail. The CWD may make exceptions to its chosen EBT card issuance method on a case-by-case basis.

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- .211 For example, the CWD may choose mail-based card issuance overall, but choose to issue EBT cards over-the-counter due to individual circumstances.

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- .212 For Over-the-Counter EBT Card and PIN Issuance:

- (a) The CWD shall determine the ~~number of~~ EBT card issuance location(s).
- (b) The CWD shall be responsible for site preparations at each location where EBT card issuance and PIN selection equipment is to be installed.
- (c) The CWD shall be responsible for the furniture, power and phone lines as may be required to support the equipment.
- (d) Upon contact from a recipient who is homebound and does not have an AR or DAC, the CWD shall issue an EBT card and PIN via the mail issuance process. Homebound, includes but is not limited to, recipients who are unable to travel to the CWD, e.g., care for a household member, prolonged severe weather that prevents them from going to the CWD.

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.213 For CWDs that choose the over-the-counter option, the EBT Contractor shall:

- (a) Equip designated EBT card issuance locations with card stock, and all equipment necessary to perform over-the-counter EBT card issuance and PIN selection.
- (b) Provide, install and maintain all required equipment.
- (c) Coordinate site preparations with each CWD.

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.214 For Mail-Based EBT Card and PIN Issuance:

- (a) The EBT card shall be mailed separately from the PIN and there shall be a delay between the mailing dates.

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- (b) For CWDs that choose the mail-based option with the EBT Contractor performing the mailing service, the EBT Contractor shall:

- (1) Mail cards and PINs using first class postage. EBT cards shall be delivered to the postal facility no later than the next business day following the receipt of account setup information from the CWD.

- (2) ~~Mail the PIN and usage instructions (including how to change the PIN), separately from the EBT card with a delay between mailing dates.~~

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- (c) For mail-based EBT card and PIN issuance, the CWD shall also be equipped with card personalization equipment and card stock to allow for over-the-counter issuance on a case-by-case basis. The CWD shall determine the number of location(s) for over-the-counter issuance.

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- (1) The EBT Contractor shall provide, install, and maintain the EBT card and PIN equipment at the designated CWD location(s).

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.3 Homebound Food Stamp Recipient Issuance

- ~~.31~~ Upon notification from a recipient who is homebound and does not have an AR, the CWD shall issue an EBT card and PIN via the mail issuance process. The recipient shall be able to change the PIN via the ARU.

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- ~~.311~~ This procedure applies to households in a hardship situation who are unable to travel to the CWD, e.g., care for a household member, prolonged severe weather that prevents them from going to the CWD.

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.43 Inter-County Recipient Move

- .431 The CWD shall establish a new EBT account and issue a new EBT card with a new PAN for a recipient who moves from one county and establishes eligibility in another county.

- .4311 If there are benefits remaining in an EBT account in the county from which the recipient moved, those benefits shall remain available to the recipient via the previous EBT card.

- .4312 The previous EBT account shall remain active until the benefits are used or the account ages as provided in Section 16-120, Account Aging.

.4 The CWD may issue the EBT card and PIN at a designated county location for emergency/urgent issuance cases.

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- .41 The EBT system will be able to provide same-day card issuance.

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Authority Cited: Sections 10077, 10553, 10554, 18904, and 18904.1, Welfare and Institutions Code.

Reference: Sections 10065, 10069, 10072(a), and 10077, Welfare and Institutions Code; 7 CFR 274.12(a), (f)(1), (g)(5), and (i)(7); and California Approved Waiver Request #980069 for 7 CFR 274.12(h)(7) [subsequently renumbered to 7 CFR 274.12(i)(7)].

Amend Section 16-515 to read:

16-515 Lost, Stolen, Inoperative EBT Card

16-515

- .1 The CWD shall immediately provide the cardholder with the toll-free phone number for the EBT system ARU, if ~~they~~ he/she contacts the CWD to report a lost or stolen EBT card, in order for the cardholder to report the situation to the EBT Contractor.
- .2 The CWD shall assist a cardholder who can not use the ARU to report a lost or stolen EBT card because the cardholder's language is not supported by the ARU. The CWD shall ensure the lost/stolen EBT card is deactivated as soon as possible.

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- .23 The EBT system will have a 24-hour-per-day toll-free telephone hotline for the cardholder to ~~a~~ report a lost, stolen, or inoperative EBT card and to provide the cardholder with information on how to have the EBT card, and if necessary the PIN, replaced.
- .34 When a lost, stolen, or inoperative EBT card is reported to the EBT Contractor, the EBT Contractor will immediately deactivate the card.
- .45 A record of all household reports of a lost or stolen EBT card will be available to the CWD. Report information will include the date, time, and reason for the request.

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Authority Cited: Sections 10077, 10553, 10554, 18904, and 18904.1, Welfare and Institutions Code.

Reference: Sections 10065, 10069, 10072(f) and (g), and 10077, Welfare and Institutions Code; and 7 CFR 274.12(a) and (g)(5).

Amend Sections 16-517.1 and .511 to read:

16-517 EBT Card Replacement 16-517

- .1 The CWD shall provide a replacement EBT card to the cardholder within three business days following a cardholder's request to the CWD for an EBT replacement card.
- .2 When replacing an EBT card, the CWD shall ensure that a duplicate account is not established that would permit the cardholder to access food stamp and/or cash benefits to which the recipient is not eligible.
- .3 Any active card shall be deactivated before the EBT replacement card is issued.
- .4 The EBT replacement card shall carry a new PAN.
- .5 CWD Options for EBT Card Replacement.
  - .51 Each CWD shall have the option to replace EBT cards on existing cases through over-the-counter issuance or to have the EBT Contractor mail the EBT cards to the cardholders. The CWD may make exceptions to its EBT card replacement issuance method on a case-by-case basis.
    - .511 For over-the-counter EBT card replacement, see Section 16-510.212 ~~and Handbook Section 16-510.213~~.
    - .512 For mail-based EBT card, the EBT cards shall be mailed to cardholders with the existing PIN still in place. Mail-based EBT replacement card issuance is described in Section 16-510.214.

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- (a) EBT replacement cards will be mailed not later than the U.S. Postal Service day following the cardholder's request for the replacement card. Replacement EBT cards will be mailed daily using first class postage.
- .6 Information on card status will be available to specified CWD staff via administrative terminal inquiry. At a minimum, information will include:
  - .61 County/Office
  - .62 Recipient Name
  - .63 Account number
  - .64 Type of account(s)

- .65 Number of replacements
- .66 Reason for replacements
- .67 Dates of replacements

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Authority Cited: Sections 10077, 10553, 10554, 18904, and 18904.1, Welfare and Institutions Code.

Reference: Sections 10065, 10069, 10077, Welfare and Institutions Code; 7 CFR 274.12(a), (f)(1), and (g)(5); and California Approved Waiver Request #980091 for 7 CFR 274.12(f)(5)(ii) [subsequently renumbered to 7 CFR 274.12(g)(5)(ii)].

- .1 The CWD shall permit the cardholder to select and change the PIN. At cardholder option, PIN change may be accomplished either via the ARU or at a designated county location.
- .2 The CWD shall not limit the number of times cardholders can change their PIN.
- .3 At the cardholder's request, using the administrative terminal, the CWD shall reactivate an EBT card that has been deactivated by the EBT system due to four consecutive invalid PIN attempts within a calendar day. Prior to reactivating the card, the CWD shall verify that the person is a designated cardholder. This verification involves the CWD asking the person to provide at least two verifiable items of information related to the primary cardholder's demographic data available through the administrative terminal.

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- .31 The demographic data fields are name and address; optional data fields are Social Security Number, date of birth, and telephone number.
- .32 After four consecutive invalid PIN attempts within a single calendar day, the system will deactivate the card until 12:00 midnight Pacific Standard Time.

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Authority Cited: Sections 10077, 10553, 10554, 18904, and 18904.1, Welfare and Institutions Code.

Reference: Sections 10065, 10069, 10072(e), and 10077, Welfare and Institutions Code; 7 CFR 274.12(a), (f)(1), and (g)(5); and California Approved Waiver Request #2000040 for 7 CFR 274.12(h)(7)(iii) [subsequently renumbered to 7 CFR 274.12(i)(7)(iii)].

Amend Sections 16-601.3, .32 et seq., .4 et seq., and .6(g), (i), (o), (q), and (w) and Handbook Section 16-601.11 to read:

Chapter 16-600 Training

16-601 Cardholder Training 16-601

.1 The CWD shall provide EBT training and instructions to EBT cardholders.

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.11 The EBT Contractor will conduct EBT cardholder training during EBT county conversion phase of the statewide EBT system.

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.2 EBT training material on the use of the EBT system shall be provided to the cardholder prior to using the EBT system. Training material shall be mailed to the cardholder and material shall also be available at the CWD. Retraining will be available in the use of the EBT card and/or system subsequent to the initial mail-based training.

.3 Face-to-face training shall be available on an as-needed basis at a designated county location(s) that is readily accessible to cardholders.

.31 Face-to-face training shall be available upon cardholder request.

.32 The CWD shall contact the cardholder by telephone or mail to offer additional assistance and training, which may include Face-to-face training, shall be provided to cardholders who: when EBT usage reports indicate the cardholder has been issued

~~.321 Have had three or more cards issued to them during the prior three calendar months, or~~

~~.322 Habitually continually loses or damages EBT cards, or~~

~~.323 Makes excessive calls to the CSC customer service center or makes excessive balance inquiries.~~

- .4 Training materials shall be provided in appropriate languages for monolingual ~~or~~ and bilingual households when such materials are made available by the Department. ~~Training materials will be provided in languages specified by the CWD office which may vary between district offices.~~
- .41 Written training materials shall be produced in all languages required by the provisions of the Dymally-Alatorre Bilingual Services Act of 1973 (currently English and Spanish) and additional languages, (including, but not limited to, ~~Mandarin~~ Chinese, Vietnamese, Cambodian, Russian, Hmong, Eastern Armenian, Lao, and Farsi).
- .42 Training material for cardholders shall be written at a sixth grade educational reading level.
- .5 Training functions for the EBT system may be incorporated with certification procedures.
- .6 At a minimum, cardholder training shall include the following areas:
- (a) Transactions limits
  - (b) Access to balances
  - (c) Transaction receipts
  - (d) Issuance of benefits
  - (e) Issuance and replacement of EBT card and PIN
  - (f) Benefit conversion
  - (g) ~~Stale account handling~~ Account aging and expungement
  - (h) Timely benefit availability
  - (i) Access to retail stores and cash access locations
  - (j) Request hands-on training for the use of the EBT equipment necessary to access benefits and obtain balance information
  - (k) Manual Food Stamp Program transactions
  - (l) Use and safeguarding EBT card and PIN
  - (m) Recipient's rights, liabilities and responsibilities for use of the EBT card and PIN

- (n) Written materials and/or other information, including the specific rights to benefits in an EBT system
- (o) Information on the signs or other appropriate indicators located in store windows and in checkout lanes that enable the cardholder to identify lanes equipped to accept EBT cards
- (p) Disclosure information regarding adjustments and the households' rights to notice, fair hearings and provisional credits. The disclosure shall also state where to call to dispute an adjustment and request a fair hearing.
- (q) Inability to access benefits ~~from~~ due to failure to enter the selected PIN and activate card
- (r) Use of the EBT card and types of transactions at POS devices and ATMs, if appropriate
- (s) All EBT transaction fees and surcharges, including those associated with ATM usage, which may be charged to the recipient
- (t) Card replacement and PIN change procedures
- (u) Reporting problems with the card or its use
- (v) Reporting a lost or stolen card
- (w) Use of the ARU, e.g., to obtain transaction history
- (x) Customer services (including TDD services)
- (y) Exposure to loss of benefits before reporting loss or theft of card
- (z) Error reporting and resolution procedures

Authority Cited: Sections 10077, 10553, 10554, 18904, and 18904.1, Welfare and Institutions Code.

Reference: Sections 10065, 10069, 10072(h), and 10077, Welfare and Institutions Code; and 7 CFR 274.12(a), (f)(1)(v), and (g)(10); and California Approved Waiver Request #980090 for 7 CFR 274.12(f)(10)(ii) [subsequently renumbered to 7 CFR 274.12(g)(10)(ii)].

- .1 The CWD shall conduct ongoing cardholder and county staff training for EBT.
- .2 The training shall cover:
  - (a) All training materials provided to cardholders
  - (b) Use of the administrative terminal
  - (c) System functions
  - (d) Card status
  - (e) County responsibilities
  - (f) Equipment usage
  - (g) Card issuance and PIN selection processes
  - (h) Contractor contacts and escalation procedures
  - (i) Security for equipment, cards and data
  - (j) Error resolution process
  - (k) Settlement and reconciliation
  - (l) Using and understanding reports, and producing ad hoc reports
  - (m) Use of administrative terminals for fraud investigation
  - (n) Set-up and use of pseudo-households for investigative purposes

Authority Cited: Sections 10077, 10553, 10554, 18904, and 18904.1, Welfare and Institutions Code.

Reference: Sections 10065, 10069, and 10077, Welfare and Institutions Code; and 7 CFR 274.12(a), (f)(1), and (g)(10).

Amend Section 16-701 to read:

Chapter 16-700      Adjustments

16-701      ~~Reserve—Error Resolution~~ Benefit Adjustment Prior to Availability Date      16-701

.1      The CWD may make adjustments to benefits posted to the recipient account after the posting process is complete but prior to the availability date for recipient access in the event benefits are erroneously posted.

Authority Cited:      Sections 10077, 10553, 10554, 18904, and 18904.1, Welfare and Institutions Code.

Reference:      7 CFR 274.12(g)(4)(i).

Amend Section 16-750 Title and Sections 16-750.12 and .2 to read:

16-750 Food Stamp Overissuance Collections from EBT Accounts 16-750

- .1 The CWD shall allow a household to pay its food stamp overissuance claim using benefits from its EBT account.
  - .11 The CWD may collect overissuances from active (or reactivated) EBT accounts by obtaining permission from the recipient in one of the following forms:
    - .111 Written permission. This must be obtained in advance, and must be done in accordance with Section 16-750.15.
    - .112 Oral permission. This may be obtained for the purpose of a one-time reduction only. In addition, the CWD must send the household a receipt of the transaction within 10 days.
  - .12 The CWD may collect overissuances from ~~stale~~ dormant EBT accounts by providing the household written notification that it intends to apply the ~~stale~~ dormant benefits to any outstanding claim. The written notification must indicate that the household has 10 days to notify the CWD that it does not want to use these benefits to pay the claim.
  - .13 For making an adjustment with expunged EBT benefits, the CWD must adjust the amount of any claim by subtracting any expunged amount from the EBT benefit account for which the CWD becomes aware. Retention rules as provided in MPP Section 63-705 do not apply to this adjustment.
  - .14 A collection from an EBT account must be non-settling against the benefit drawdown account.
  - .15 At a minimum, any written agreement with the household to collect a claim using active EBT benefits must include:
    - .151 A statement that this collection activity is strictly voluntary.
    - .152 The amount of the payment.
    - .153 The frequency of the payments.
    - .154 The length of the agreement.
    - .155 A statement that the household may revoke this agreement at any time.

.2 Refunds for Overpaid Claims

- .21 If a household overpays a claim, the CWD shall provide a refund for the overpaid amount as soon as possible after the CWD finds out about the overpayment. The CWD will pay the refund by whatever method the CWD deems appropriate considering the circumstances.
- .22 The household shall not be entitled to a refund for an overpaid claim if the payment was made with an expunged EBT benefit.

Authority Cited: Sections 10077, 10553, 10554, 18904, and 18904.1, Welfare and Institutions Code.

Reference: Sections 10065, 10069, 10077, Welfare and Institutions Code; ~~7 CFR 274.12(a)~~; 7 CFR 273.18(g)(2) and (h)(2); 7 CFR 274.12(a); and Administrative Notice 00-57, dated August 11, 2000.

Chapter 16-800 EBT Fraud and Suspected Violations

16-801 Fraud and Suspected Violations for Benefits Received 16-801  
Via the EBT System

.1 General

All suspected fraud or misuse of benefits received via the EBT system should be referred to the county Special Investigative Unit (SIU) or other appropriate agency.

.2 Comprehensive procedures concerning criteria for referring cases for investigation, investigating cases, referring cases for prosecution, and imposing Intentional Program Violations are addressed in MPP Division 20.

.3 Suspected fraud and misuse of benefits in the EBT system shall also be investigated in accordance with MPP Division 20.

.4 As a result of EBT implementation, county SIUs have the ability to access on-line EBT transaction data and fraud reports from the EBT Contractor, CDSS, and the USDA to detect potential recipient and/or retailer fraud/trafficking. County SIUs may review/analyze the on-line EBT transaction data/fraud reports and investigate in accordance with MPP Division 20.

.5 In the Food Stamp Program, the county SIU, State agency or local law enforcement agency shall contact the CDSS Fraud Bureau or the USDA to coordinate investigations of potential retailer trafficking/fraud.

Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code; and 7 CFR 271.2.

Reference: Sections 10065, 10069, 10077, 10553, 10554, 10600, and 10980, Welfare and Institutions Code; and 7 CFR 271.2.

.1 Definition: Intentional Program Violation

For the purpose of this section, an Intentional Program Violation (IPV) applies to the Food Stamp Program and is defined as having intentionally: (Continued)

.12 Committed any act which constitutes a violation of the Food Stamp Act, the Food Stamp Program regulations, or any state statute relating to the use, presentation, transfer, acquisition, receipt or possession of food stamp benefits. (Continued)

.3 Disqualification Penalties

.31 Individuals found to have committed an IPV shall be ineligible to participate in the Food Stamp Program as follows: (Continued)

.312 Twenty-four months for the first violation and permanently for the second violation of trading food stamp benefits for a controlled substance, as defined in Section 102 of the Controlled Substance Act (21 USC 802). (Continued)

.313 Permanently for the first violation for trading food stamp for firearms, ammunition, or explosives. (Continued)

Authority Cited: Sections 10553, 10554, and 10809, Welfare and Institutions Code.

Reference: Sections 10072, 10553, 10554 and 18901, Welfare and Institutions Code, Public Law (PL) 103-66, Section 13942; PL 104-193, Sections 813, 814, and 820 (Personal Responsibility and Work Opportunity Reconciliation Act of 1996); 7 USC 2024(b) and (c); 21 USC 802; USDA Food and Consumer Services, Administrative Notice No. 94-04 dated October 8, 1993; and Garcia and Zellar v. Concannon et al.

Amend Section 44-302.2 to read:

44-302 Payment by Electronic Fund Transfer

44-302

.1 Payment by Direct Deposit

Notwithstanding Section 25-301, direct deposit of assistance payments must be made available to CalWORKs recipients in all counties that offer a program of direct payroll deposit to some or all of their employees.

.11 The CWD shall notify recipients of the option to receive benefits by direct deposit at the time of application or redetermination.

.12 The recipient can request at anytime to receive direct deposit.

.13 The recipient shall be eligible for direct deposit for the duration they are on aid.

.2 Payment by Electronic Benefit Transfer (EBT)

Pursuant to Section 16-001.23, counties may elect to use the EBT system to issue cash benefits.

Authority Cited: Sections 10553, 10554, and 11006.2, Welfare and Institutions Code.

Reference: Sections 10072 and 11006.2, Welfare and Institutions Code.

Amend Section 44-304.611 and Handbook Section 44-304.611(a) to read:

44-304 Aid Payment Schedules (Continued) 44-304

.5 Standard Delivery Dates (Continued)

.53 Notwithstanding Section 44-304.52, counties opting to use the EBT system shall issue cash benefits pursuant to Section 16-215.

.6 Exceptions to Standard Delivery Date

.61 Weekends/Holidays (Continued)

.611 With respect to ~~direct deposit~~ electronic fund transfer, when a payment date falls on a weekend or holiday, funds shall be electronically transferred so that the funds are available on the first day of that month to recipients using direct deposit and available on the designated payment date to recipients using EBT pursuant to Section 16-215-5.

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(a) Example: If the payment date is on a Monday and Monday is a holiday, the ~~direct deposit~~ electronic fund transfer must be made in time to ensure that the funds are available on the first of the month for recipients using direct deposit and available by the designated payment date for recipients using EBT.

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.62 (Continued)

Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code.

Reference: Sections 10063(a), 10072, 10553, 10554, 11006.2, 11251.3, 11453.2, 11455 and 17012.5, Welfare and Institutions Code; 45 CFR 206.10(a)(6)(D); 45 CFR 233.23; 45 CFR 233.29(a)-(d); 45 CFR 233.31(b)(4); 45 CFR 233.32; and Balderas v. Woods Court Order.