



December 31, 2015

The Honorable Ray Scott
Chair, Senate State, Veterans, and Military Affairs Committee
Colorado General Assembly

The Honorable Sue Ryden
Chair, House State, Veterans, and Military Affairs Committee
Colorado General Assembly

The Honorable Kevin Lundberg
Chair, Senate Health and Human Services Committee
Colorado General Assembly

The Honorable Dianne Primavera
Chair, House Public Health Care and Human Services Committee
Colorado General Assembly

Dear Senators and Representatives:

C.R.S 26-2-104 (2) (f) requires the Departments of Human Services and Revenue to report to the legislature regarding the use of Electronic Benefit Transfer (EBT) cards on or before January 1, 2016, July 1, 2016, and on or before January 1, 2017 and each January thereafter. Specifically, statute directs the two agencies to submit and present the reports at the same meeting of the State, Veterans, and Military Affairs Committees of the Senate and House of Representatives, the Health and Human Services Committee of the Senate, and the Public Health Care and Human Services Committee of the House of Representatives, or any successor committees. The report shall list the numbers of instances that cash benefits were accessed by using an EBT card at automated teller machines located in prohibited locations whereby EBT usage is strictly prohibited by State and Federal law.

The Department of Human Services manages the delivery of the Temporary Assistance for Needy Families (TANF) Program, known as the Colorado Works program in Colorado, Adult Financial programs, including Old Age Pension and Aid to the Needy Disabled programs, and the Low-Income Energy Assistance Program (LEAP). These programs pay monthly cash benefits to eligible Coloradans who apply for and are approved for assistance. Clients access their cash benefits through EBT cards, which are statutorily prohibited from being used to access cash from automated teller machines in establishments cited in 26-2-104 (2) (h) .

Using information provided by the Department of Revenue's (DOR) Liquor, Marijuana, Racing, and Gaming Divisions, the Department has compiled reports of EBT prohibited card use at DOR's licensed regulated industries and shared this information with DOR. Data shows that between May 1, 2015 (when the law



became effective) and November 30, 2015, EBT cards were used at prohibited locations 10,115 times (representing 0.811% of all EBT transactions), as detailed in the following chart.

DOR Regulated Industry	Number of EBT Card Use 5/1/15 - 11/30/15
Liquor	9,204
Racing	40
Marijuana	134
Gaming	737

According to the data, these instances of EBT usage in prohibited locations were made by 5,017 unique clients. However, 3,156 individuals (62.91%) only used their EBT card at a prohibited location in one month, indicating that repeated misuse is limited.

House Bill 15-1255 requires the Department to adopt rules, effective as of January 1, 2016, to 1) enforce the prohibition of clients accessing [cash] benefits at an automated teller machine located in an establishment where a client is prohibited from accessing benefits by Federal law, and 2) include penalties for increasing violations in the rules. In November 2015, the State Board of Human Services enacted rules to comply with the requirements of the legislation (effective as of January 1, 2016), including:

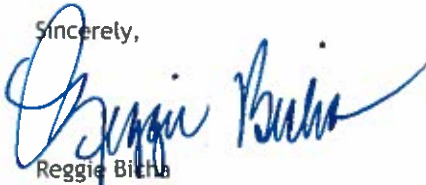
- Requiring that the process for accessing cash benefits through an EBT card is explained in interviews for both Colorado Works (3.602.1) and Adult Financial programs (3.520.4), including identifying the establishments in which cash benefits may not be accessed from automated teller machines.
- Monitoring clients' EBT card transactions quarterly (3.609.3 and 3.800.7).
- In cases of a violation, providing written warning to the client that EBT card use in prohibited establishments will result in the card being disabled (3.609.3 and 3.800.7).
- If misuse continues, the cash portion of the client's EBT card shall be disabled for one month. In such instances, the county shall notify the participant of additional options for receiving his/her cash payment (i.e. direct deposit or county warrant) as well as notification of due process (3.609.3 and 3.800.7).
- Ongoing misuse of a client's EBT card in a prohibited location will result in the county department denying or discontinuing the cash benefit for one month, following due process. The participant will be required to complete a new application after the one month time period, if assistance is requested (3.609.3 and 3.800.7).

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



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

Sincerely,



Reggie Bicha
Executive Director
Colorado Department of Human Services

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

Senate State, Veterans, and Military Affairs Committee Members:

The Honorable Jerry Sonnenberg, Vice Chair
The Honorable Owen Hill
The Honorable Matt Jones
The Honorable Jessie Ulibarri

House State, Veterans, and Military Affairs Committee Members:

The Honorable Joe Salazar, Vice Chair
The Honorable Mike Foote
The Honorable Steve Humphrey
The Honorable Susan Lontine
The Honorable Patrick Neville
The Honorable Dianne Primavera
The Honorable Jack Tate
The Honorable Dan Thurlow
The Honorable Max Tyler
The Honorable Yeulin Willett

Senate Health and Human Services Committee Members:

The Honorable Larry Crowder, Vice Chair
The Honorable Irene Aguilar
The Honorable Beth Martinez Humenik
The Honorable Linda Newell

Public Health Care and Human Services Committee Members:

The Honorable Jonathan Singer, Vice Chair
The Honorable Kathleen Conti
The Honorable Jessie Danielson
The Honorable Justin Everett
The Honorable Joann Ginal



The Honorable Janak Joshi
The Honorable Lois Landgraf
The Honorable Dominick Moreno
The Honorable Brittany Pettersen
The Honorable Lang Sias
The Honorable Max Tyler
The Honorable JoAnn Windholz

