



January 3, 2017

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. Following instructions outlined in statute and in similar format to the report submitted on December 31, 2015, this report presents the numbers of instances that cash benefits were accessed by using an EBT card at automated teller machines located in prohibited locations whereby EBT usage is strictly prohibited by State and Federal law.

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



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

Using information provided by the Department of Revenue's (DOR) Liquor, Marijuana, Racing, and Gaming Divisions, the Department has compiled reports of EBT prohibited card use at DOR's licensed regulated industries and shared this information with DOR. EBT cards were used a total number of 1,021,614 times between June 1, 2016 and November 30, 2016. Of these transactions, 4021 were used at a prohibited location which represents 0.394% of all EBT transactions (detailed in the following chart). This is a 40% decrease from previously reported (12/1/15-5/31/15) usage.

DOR Regulated Industry	Number of EBT Card Uses 6/1/16-11/30/16
Liquor	3969
Racing	0
Marijuana	50
Gaming	2
Total EBT Transactions	1,021,614

According to the data, these instances of EBT usage in prohibited locations were made by 2,085 unique clients. However, 1,114 of these individuals (53.42%) only used their EBT card at a prohibited location in one month, indicating that repeated misuse is limited.

As required by House Bill 15-1255, the Department also adopted rules, effective 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. The State Board of Human Services enacted rules to comply with these legislative requirements in November 2015; the rules became effective as of January 1, 2016. The rules contain the following provisions:

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

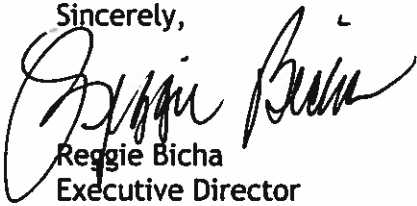


- Ongoing misuse of a client's EBT card in a prohibited location will result in the county department denying or discontinuing the cash benefit for one month, following due process. The participant will be required to complete a new application after the one month time period, if assistance is requested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

Additionally, the Department 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. (Attachement B)

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

Sincerely,



Reggie Bicha
Executive Director
Colorado Department of Human Services

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

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