States, Processors Await TANF Regulations

It’s all over but the shouting.

June 11 marked the close of the comment period on the Department of Health and Human Services’ effort to regulate access to TANF benefits.

The comment period was the result of the Middle Class Tax Relief and Job Creation Act of 2012. Section 4004 of the Act requires states to restrict where TANF benefits can be accessed and used. It also authorizes DHHS to regulate the use of the benefits according to Section 4004.

The Electronic Funds Transfer Association and the eGovernment Payments Council responded to DHHS’ Request for Public Comment on regulation with a 12-page letter. In the letter EFTA addressed all 12 questions that DHHS had asked in its Request for Public Comment. As part of its response, eGPC conducted a second survey of state EBT directors asking them the same questions asked by DHHS (Please see story below).

“Now we wait,” said Kurt Helwig, EFTA CEO. Helwig predicted that the draft regulations would not be published for several months. At the March eGPC meeting in Washington DHHS regulators indicated that the regulations could be drafted as early as this July.

“Regs take more time than you think,” said Helwig.

2nd Council TANF Survey Says the Juice Might Not Be Worth the Squeeze

In support of its comment letter to the Department of Health and Human Services on proposed new rules on access to TANF benefits (see lead story), eGPC conducted a second survey in May of state EBT directors on the proposed TANF restrictions.

The first survey, conducted in January, was the subject of a Council White Paper, “Restricting Access to TANF Funds at Specific Merchant Locations. The white paper is available on the EFTA website at bit.ly/NVr3rO.

The second survey, conducted in May, focused on the questions that DHHS raised in its Request for Public Comment. Among the findings of the survey:

Two-thirds of states said they “strongly disagreed” with the idea that TANF misuse in their states is a serious problem.

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Plain Talk with the Chairman

By John Pfeuffer, eGPC Chairman

As summer approaches the weather and our industry initiatives are heating up. As an industry we continue to be faced with a myriad of issues, many of which impact the lives of people across the country. These include TANF regulation, the continual impact of the Durbin Amendment and the upcoming reauthorization of the Farm Bill. Amid all this, planning continues for the 15th annual Next Generation conference in Albuquerque, NM and our Fall Summit in Washington, DC on September 26th and 27th.

The Fall Council meeting has a full agenda addressing many of the issues we currently face. Next Generation has multiple workshops, plenary and general sessions, along with industry roundtables. For information on the Nov. 4–6 conference, click here. This year’s event promises to be the best ever!

eGPC has been, and will continue to be, a vital component of government’s response to people in need. And our Council has been, and will continue to be, government’s strategic partner in these important initiatives.

Two Minutes with...Russ Conser

Russ Conser is North American sales manager for Prepaid for Oberthur Technologies, and an eGPC member. He sat down for a short interview.

How did you end up selling EBT cards for Oberthur?

I was hired by Oberthur in 2006 to bring new business into the rapidly expanding world of prepaid. I quickly discovered EBT was planning to adapt prepaid card and systems to the government benefits sector. So here I am.

What's the toughest sale you ever made?

Prepaid is a tough and competitive market. I helped Oberthur win one of the largest retail prepaid programs providers in the nation. The RFP process in government can also be long. But if you stick with it it’s usually worth it.

What keeps you up at night?

Right now? My ten–week old daughter. Besides

John Pfeuffer is the chair of the eGovernment Payments Council and a past recipient of the eGPC’s Pioneer award. He is a director of business development for ACS State and Local Solutions, Inc.

Russ Conser, national sales manager for prepaid for Oberthur Technologies, and proud eGPC member, is breaking in his youngest “road warrior.”
The Down Low: the Regulatory Process
By Bob Bucceri

The 19th century Prussian statesman Otto von Bismarck is reported to have first used the metaphor that Capitol Hill veterans know by heart: There are two things you don’t want to see being made—sausage and legislation.

If the making of legislation can be stomach churning, at least the making of regulation, which follows the passage of laws like the night follows the day, is a little more civilized.

eGPC members have had a chance this year to participate in the regulatory process. In this case it is the regulations that will enforce Section 4004 of the Middle Class Tax Relief and Jobs Creation Act of 2012.

Project Updates

What’s going on in the EBT Community

**FIS Government Solutions** has received approval for a new five-year contract to provide EBT services to the state of Kansas. FIS also reports a five-year extension to its SNAP EBT contract with the state of Oregon.

States have until July 15 to report to FNS on how FFY 2012 **Farmers Market** funds were spent. Jan Walters of EBT Market Solutions reports that the Farmers Market EBT push experienced some growing pains, despite the funding. These problems have included recruiting markets for EBT and mechanisms for purchasing wireless equipment.

**JPMorgan has** kicked off its Oregon WIC EBT project. At full implementation the project will serve 75,000 families, 621 vendors and 54 clinics.

**Xerox Corp.** wins a 10-year contract to provide Illinois residents with EBT services. Xerox has also announced it has finalized a contract with the state of Georgia to do the same.

Section 4004 is the part of the law that prohibits the use of TANF benefits in liquor stores, casinos and adult-oriented businesses.

Regulators are often thrown into an issue with limited background on the subject. Having said that, it’s my experience that most of the regulators I’ve worked with over the years labor hard to get it right. So, it’s up to us to help them.

The goal of regulation should be to enact the will of Congress while causing minimal, if any, disruption to other business processes not covered by the law.

Here at eGPC we’ve tried to help regulators do that by informing their inquiry into the issue at hand. Take Section 4004 as an example.

Please see *Down Low* on page 4
Three-quarters of states agreed that the time and resources required to enforce the law would negatively impact mission-critical tasks.

Ninety percent of states allow TANF clients up to three free transactions, which is about the same percentage of states that say their clients withdraw their benefits in three or fewer transactions.

Over 95% of states already offer free transactions to TANF clients, according to a Council survey.

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It not only will change how we do POS shopping, but eventually online sales as well.

What’s been your biggest surprise in EBT?
I don’t know if it’s so much a surprise, but the collaboration and mutual vision of so many parties in EBT is very refreshing. It’s great to see so many organizations working together on a common goal.

NextGen Update

Planning for the 15th Anniversary of EBT—The Next Generation is running slightly ahead of schedule.

The draft agenda is complete, keynote and plenary speakers are in place, and panels are being filled with speakers.

Planning at this point tends to bog down as facilitators try to nail down panel speakers, says John Pfeuffer, eGPC chairman and conference manager. It’s a summer-long process, “he says.

What’s the one thing EBT folks should know about transaction cards but don’t?
That manufacturing a card is a lot harder than you think. A card is actually two pieces of plastic melded together with ink applied to the surface. With EMV milling a hole the precise size of a chip into a 30mm card and securely fastening the chip is quite a technological challenge. If anyone has a chance to visit a factory to see how a card is made, I recommend it.

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Down Low from page 3

Here’s how we’ve tried to inform the process:

January: State survey on benefit-restrictions
February: White paper on TANF restrictions
March: DHHS speaks at eGPC meeting on TANF regulation
April: eGPC meets with regulators; hosts webinar, with DHHS participating, for states on regulatory process.
May: eGPC conducts second survey on TANF
June: EFTA on behalf of eGPC file comments letter with DHHS.

Will our efforts on Section 4004 help inform the deliberation over TANF regs? Only time will tell.
“We’re pleased that this year’s conference features a good blend of veteran speakers and newer speakers and facilitators,” says Bob Bucceri, eGPC director.

The complete NextGen agenda can be found at https://www.atmia.com/conference-ebtnextgen/conference-agenda.

Registration for the conference is now open. The room block opens on August 1.

EFTA News and Notes

EFTA’s campaign for streamlining fee notification at ATMs continues. CEO Kurt Helwig and Government Relations Director Dennis Ambach paid a visit to Capitol Hill in May to talk with Hill staff about the matter.

Companion bills have been introduced in both the House and the Senate that would eliminate the requirement for a physical notice on ATMs stating the fee charged at the machine. That information already appears on the screen in every transaction. So far the House bill has 120 co-sponsors and the Senate version 16.

The physical sign, which has become redundant, has become a target of scammers, with documented evidence of people pulling the signs off of ATMs and then filing suit against the ATM owners for lack of signage.

In addition, EFTA continues to work on a range of issues, from overdraft protection to cybersecurity.

Finally the September EFTA meeting “The Future of Emerging Payments” will take place September 26–27 at the Grand Hyatt in Washington. Max Schmeiser, director of consumer finance for the Federal Reserve Board will speak to eGPC on mobile financial services and the underbanked. Registration is now open. Go to https://www.efta.org/registration.php?id=95.

What else besides prepaid do you sell?
Prepaid is a broad market. With smart phones, EMV, and security, our services range from cards to instant-issuance kiosks, card design, NFC apps, chip cards and online authentication.

When you’re not out peddling cards what do you do for fun?
I love the outdoors and travelling. My daughter is not yet three months old and I’ve already taken her and my wife on trips to Florida, Colorado and New Mexico.