



November 28, 2016

Ms. Vicky T Robinson, Chief
Retailer Management and Issuance Branch
Retail Policy and Management Division, Rm. 318
Food and Nutrition Service
3101 Park Center Drive
Alexandria, VA 22302

Re: Federal Register Notice/Proposed Rule: Supplement Nutrition Assistance Program: 2008 Farm Bill Provisions on Clarification of Split Issuance; Accrual of Benefits and Definition Changes

Dear Ms. Robinson:

The Electronic Funds Transfer Association (EFTA), on behalf of its eGovernment Payments Council (eGPC), is submitting the following comments in response to the above-captioned Notice published September 29, 2016 in the Federal Register.

EFTA is a non-profit, professional association that through education and outreach promotes the adoption of electronic payments and commerce. EFTA was an early and strong proponent of using electronic benefits technology for SNAP and other government programs.

The eGPC is an EFTA working group that focuses on the business, policy and operating issues involved in government electronic payment programs. eGPC members include financial institutions, state government agencies, EBT processors, ATM networks, non-profit advocates, equipment and card manufacturers, and technology companies. These members support EBT Programs and work with other stakeholders to help ensure effective and efficient delivery of EBT services.

EFTA and its eGPC members remain committed to the long-term success of EBT and greatly appreciate the opportunity to provide comments on the proposed rule which codifies a number of provisions of the 2008 Farm Bill. We applaud FNS for its efforts in providing additional detail to address operational processes and/or clarify current policy and offer the following comments:

Split Issuance

The eGPC members strongly support the 2008 Farm Bill provision that requires State agencies to issue a household's ongoing monthly benefit allotment in one lump sum. We also support the use of staggered issuance to stagger the issuance of benefits to individual households over multiple days during the month. Our experience has shown that using or expanding a staggered issuance schedule addresses the retailers' concerns regarding monthly spikes in traffic in their stores.

We are concerned that if a State does implement split issuance, it would unnecessarily drive up the cost for the EBT processor and subsequently the State agency. In addition to the one-time costs to implement the change, we see variable transaction costs increasing. For example, the number of recipient calls to the customer service line would increase as households would be calling twice a month to verify that their benefits had been deposited to the EBT account. We also agree with the points made by FNS in the proposed rule that certain households would be negatively impacted because of the small benefit amounts being received.

Benefit Expungement

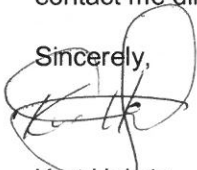
With respect to benefit expungements, we support the proposed regulatory language that codifies the current expungement process of only expunging benefits from EBT accounts that have not been accessed in 12 months (i.e., inactive accounts). We agree that SNAP benefits should only be expunged if the household's account has been inactive for 12 months. As long as an account is active, no benefits would be expunged regardless of when the benefits were issued, and benefits would continue to accumulate as long as the household remains eligible for benefits. We also think it is important to note that benefits should always be used in a first-in, first-out (FIFO) manner so that the oldest benefit in the account is utilized first.

Interpretation #2, where households have 12 months from the date of issuance to spend each benefit allotment, even if the household is accessing the EBT account and using benefits, is problematic to us when there is activity within the last year in the EBT account. However, if benefits are being utilized in a FIFO manner, benefits older than a year remaining in an active EBT account should be a relatively rare occurrence. As FNS notes in the proposed rule, an exception might be a scenario in which a household receives restored benefits for multiple months in one lump sum as a result of a fair hearing finding. Our belief is that the value offered by implementing Interpretation #2 is not worth the additional effort and complexity required by this option.

In regards to moving benefits "off-line", we agree with FNS' proposed definition of off-line and the decision to change the timeframe from three (3) to six (6) months before allowing benefits to be moved off-line. Because data storage is a relatively insignificant cost to the EBT processor, there is no real cost savings to the State in moving benefits off-line. However there is an increase in complexity, as the benefits now have to be tracked by the eligibility system and restored if requested by the participant. It also increases the complexity of accurate AMA reporting, as EBT processors currently report to AMA on the expungements when benefits are moved offline, and add back to AMA when benefits are restored. This method of accounting understates the true outstanding liability for SNAP benefits for states that do move benefits offline prior to a year of account inactivity.

Thank you for your consideration of our comments. If we have any follow-up questions please feel free to contact me directly.

Sincerely,



Kurt Helwig
President & CEO