



E-vouchers: The experience of the USA and Electronic Benefits Transfers (EBT)

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The Supplemental Nutrition Assistance Programme (SNAP)

- Largest US federal programme providing food assistance to low-income individuals and families
- Administered by the **United States Department of Agriculture (USDA)** under the Food and Nutrition Service (FNS), although benefits are distributed by each state's Division of Social Services or Children and Family Services.
- Provides aid to around **one-sixth (47 million) Americans** and costs around **\$80 billion** annually.
- Started in the 60s following the Great Depression

From paper vouchers to electronic cards

- Started as a **food stamp programme**: people on relief could buy paper vouchers. For every \$1 worth of orange stamps purchased, they received 50 cents worth of blue stamps which could be used to buy agricultural surplus.
- In 1988: pilot projects tested if automated/electronic systems could enhance the **efficiency and effectiveness** of operations.
- Since 2004, **Electronic Benefit Transfers** are used in all 50 states.

EBT: How does it work?

- Potential participants apply to SNAP Benefits.
- Once approved: household receives a **plastic card with a magnetic stripe** (essentially a debit card).
- Each month an allotment (around **\$ 85/person**) is made available.
- Customers can use their card to buy eligible food at authorised stores. They swipe their card at a Point Of Sales Device in the store and enter their four-digit **Personal Identification Number (PIN)**.

EBT: How does it work?

- Their spending is deducted from their EBT SNAP account and credited within 2 banking days to the **retailer's bank account**.
- Participants receive a **receipt** with the remaining amount in their EBT account.
- In most cases, the POS terminal connects with a computer where the food stamp benefits are stored. In some states, the benefits are directly stored on the card.
- Participants can only buy food, they **cannot withdraw unused food assistance allotment as cash**.

Benefits of transitioning to EBT

- improved administration of the programme
- **saved money**
- **reduced the stigma associated with paper vouchers**: participants use their EBT card as any shopper would use a debit/credit card and no longer hand over food stamps at the cash desk
- **more convenient** for users (no need to wait for mailing or for picking up booklets in person)
- made it **safer** for users as it protects from theft
- helped cut back on **fraud** by creating an electronic record of each food stamp transaction, making it easier to identify violations.

Eligible Food

Foods for the household to eat, such as:

- **breads and cereals;**
- **fruits and vegetables;**
- **meats, fish and poultry;**
- **dairy products;**
- **seeds and plants which produce food for the household to eat.**

Soft drinks, candy, cookies, snack crackers, and ice cream are food items and are therefore eligible.

Non-eligible food

Households cannot use SNAP benefits for:

- **Beer, wine, liquor, cigarettes or tobacco**
- **Any non-food items, such as: pet foods, soaps, paper products, household supplies, vitamins and medicines**
- **Food that will be eaten in the store**
- **Hot foods**

How about junk food or luxury items?

- Regular proposals to **restrict SNAP benefits and prohibit the purchase of "junk food" or "luxury items"**. The US legislator has repeatedly rejected on both administrative burden and personal freedom grounds.
- **Against:**
 - No federal standards exist to determine which foods should be considered "healthy" or not
 - SNAP households are no more likely to consume junk food than higher-income individuals, and in fact are less likely to consume sweets and salty snacks.
- **In favour:** would encourage healthy eating, and SNAP should consider incentivising the purchase of healthy items through a credit or rebate programme that would make fresh vegetables and meats cheaper. Especially because urban food stores do a poor job of stocking healthy foods and instead favour processed items that are higher-profit.

EBT: How does it work?

- Stores must be authorised to take SNAP benefits. The online application can be completed in **15 minutes**. To be eligible, stores must:
 - Stock **staple foods** on a continuous basis in 4 categories (vegetables or fruits; dairy products; meat, poultry, or fish; breads or cereals);
 - have more than 50% of their gross retail sales from the sale of staple foods (**e.g.: specialty stores, like butcher shops**).
- **Exceptions:**
 - Stores in areas where SNAP clients have **limited access to food**.
 - **Restaurants in some areas** can receive EBT from **homeless, elderly, or disabled people** in exchange for low-cost meals

EBT: How does it work?

Once authorised:

- **Option 1:** stores use existing or commercially available credit/debit card POS equipment that allows to process EBT
- **Option 2:** stores use a **special POS device**. Most retailers are required to pay for their EBT equipment and services.
 - **Exceptions:** some stores can get free State-supplied POS equipment such as farmers' markets, direct marketing farmers, military commissaries, non-profit food buying cooperatives and community meal services and programmes.

Limitations of EBT

- **Retailers' SNAP Permit**

SNAP permit is free but not obligatory. Recipients can only access authorised stores although:

- those might not offer their preferred range of food or quality
- those can be located farther from their homes

- **Exclusion of hot foods**



THANK YOU