

ASSESSING THE IMPACT OF ELECTRONIC BENEFITS TRANSFER

on America's Communities and the U.S. Payment System

September 20-21, 2004

sponsored by:

**Federal Reserve Bank of Philadelphia
Payment Cards Center &
Community Affairs**

in conjunction with the

**Electronic Funds Transfer Association's
EBT Industry Council**



Assessing the Impact of Electronic Benefits Transfer on America's Communities and the U.S. Payment System

September 20, 2004 — Federal Reserve Bank of Philadelphia

September 21, 2004 — Holiday Inn

On June 22, 2004, the U.S. Department of Agriculture made a momentous announcement. As of that date all federal food-stamp payments — in all 50 states, all territories, the District of Columbia, and the Commonwealth of Puerto Rico — had officially been converted from the paper scrip that had been used for more than 30 years to the payment technology known as electronic benefits transfer.

This switch from paper to plastic amounted to the creation and establishment of a new payment system. Begun in Reading, Pennsylvania, on a pilot basis in 1984, electronic benefits transfer, or EBT, now reaches consumers in places as disparate as the North Slope of Alaska and North Philadelphia. From an initial annual cost of over \$300 per cardholder, EBT has become one of the nation's most economical payment systems, costing the government just pennies a day to provide reliable, secure access to entitlement payments for millions of Americans.

For recipients of food stamps and cash assistance payments, EBT has meant eliminating the stigma of using a separate paper payment system, integrating recipients into the electronic payments world, and reducing exposure to crime and fraud. For 150,000 retailers, it has meant an increase in food sales. For government, it has meant a reduction in fraud. And for the nation's communities, it has meant an increase in the money that flows into a community.

Furthermore, EBT has become more than just a replacement for paper food stamps. The nation is

now embarked on the "next generation of EBT," dubbed "Tier II," which is using technology such as online PIN debit, smart cards, and prepaid debit cards, to deliver a host of benefits to consumers. These include Temporary Assistance to Needy Families; child-care assistance; child-support payments; and the Women, Infants, and Children, or WIC, program.

But what impact has the economics and technology of EBT had on our nation's communities and its payment systems? As more and more benefit programs and payments convert from checks or vouchers to debit or smart cards, what can we expect in the future?

The Federal Reserve Bank of Philadelphia, in conjunction with the Electronic Funds Transfer Association's EBT Industry Council, is sponsoring this conference on the impact of EBT. The purpose of the meeting is to provide a discussion forum among community, banking, and payment industry leaders on the future of EBT. The sessions will broaden the delegates' understanding of what EBT is, assess its impact on communities, examine its legacy as a payment system, and look ahead to its continuing role in American communities.

The conference sponsors hope that by providing this venue for discussion, the delegates can achieve a better understanding of EBT's impact on communities and the role of EBT in U.S. payments.

Monday, September 20, 2004

Boehne Auditorium, Federal Reserve Bank of Philadelphia

3:30 pm Registration

4:00 pm Keynote Address: An EBT Progress Report

*Tim O'Connor, Director, Benefit Redemption Division,
Food and Nutrition Service, USDA*

4:30 pm EBT 101: An Understanding of EBT Technology, Applications, and Capabilities

*Arthur W. Burger, Executive Vice President, Burger, Carroll & Associates,
Chairman Emeritus, EBT Industry Council*

*Robert Bucceri, General Partner, Chaddsford Planning Associates,
Senior Consultant, Electronic Funds Transfer Association*

6:00 pm Reception and Tour of Federal Reserve Bank of Philadelphia's Money in Motion Exhibit

Tuesday, September 21, 2004

Holiday Inn, 4th and Arch Sts., Philadelphia

7:45 am Registration and Continental Breakfast

8:15 am Welcome and Introductions

Peter Burns, Vice President, Federal Reserve Bank of Philadelphia

H. Kurt Helwig, Executive Director, Electronic Funds Transfer Association

Bard Shollenberger, Chairman, EBT Industry Council

8:45 am The Economic Impact of EBT on America's Communities

The initial presentation will establish a baseline for the day's discussions by evaluating the impact of EBT on communities. Topics to be covered will include:

- Return on investment for EBT spending
- Financial impact of EBT on consumers
- Financial impact of EBT on retailers

Panelists: *Ellen Vollinger, Attorney, Food Research and Action Council,
Washington, DC*

*Richard Savner, Director of Public Affairs and Government Relations,
Pathmark Stores, Inc.*

*Rosanne Mahaney, Chief Administrator, Division of Social Services,
Delaware Department of Health and Social Services*

Moderator: *Marty Smith, Economic Education Specialist,
Federal Reserve Bank of Philadelphia*

10:00 am Break

10:30 am The Impact of Prepaid Debit Technology on EBT

A panel of industry experts will assess the sudden proliferation of prepaid debit technology for EBT applications. Issues to be covered will include:

- Why states are turning from traditional technologies to prepaid debit for e-payments
- Impact of prepaid debit on consumers for government payment
- Legal and regulatory ramifications to consumers

Panelists: James Brown, *Professor, University of Wisconsin — Milwaukee*

Bard Shollenberger, *Director of Electronic Payment Services, ACS Children and Family Services*

Peter Relich, *Vice President, MAXIMUS Intelligent Technologies*

Moderator: Liz French, *Director, Business Development, eFunds Corporation*

12:00 pm Lunch

1:00 pm EBT: The Pennsylvania Experience

A look at the challenges facing the birthplace of EBT as the Commonwealth enters its third decade of government payments on plastic. Included in this presentation will be:

- Community relations
- Technology challenges
- Future enhancements

Michael Coulson, *Director, Bureau of Program Support, Office of Income Maintenance, Pennsylvania Department of Public Welfare*

2:00 pm Break

2:15 pm Roundtable Discussion: EBT—The Next Generation

A panel of government and industry leaders will discuss with the audience how we can leverage the current investment in EBT to provide more secure, reliable payments for such benefits as child care, Medicaid, child support, WIC, and foster care.

Panelists: Liz French, *Director, Business Development, eFunds Corporation*

Lizbeth Silbermann, *Chief, EBT Branch, Food and Nutrition Service, USDA*

Edward Oppenheimer, *Senior Associate, Booz-Allen & Hamilton*

Ellen Vollinger, *Attorney, Food Research and Action Council, Washington, DC*

Kurt Helwig, *Executive Director, Electronic Funds Transfer Association*

Moderator: Robert Bucceri, *General Partner, Chaddsford Planning Associates, Senior Consultant, Electronic Funds Transfer Association*

3:30 pm Adjourn

Please be courteous to our speakers and plan your travel arrangements to allow you to stay for the entire session.