

## Chapter 5

### Use of EBT System

As explained in chapter 3, State agencies or their EBT vendors provide training to new users of their EBT systems. The training is designed to acquaint food stamp recipients with their new EBT cards and to instruct them on how to use their cards to access their food stamp and/or cash benefits. Food stamp EBT regulations stipulate that training will include

hands-on experience for each household in the use of the EBT equipment necessary to access benefits and obtain balance information.<sup>42</sup>

To date, FNS has issued waivers to the hands-on training regulation to 31 State agencies, including Alabama and Minnesota.

This chapter addresses the impacts of the hands-on training waiver on food stamp recipients' use of the EBT system, excluding possible impacts on PIN use, which were examined in the previous chapter. The general hypothesis is that eliminating the hands-on training requirement may cause some recipients in the waiver States greater problems in using the system.

#### Highlights

New food stamp recipients in the waiver States are considerably more likely to report having needed help using their EBT card than recipients in the nonwaiver States (30.6 vs. 18.3 percent). Furthermore, vulnerable recipients in the waiver States were, at 41.3 percent, the most likely to say that they had ever needed help. The evidence is therefore strong that the hands-on training waiver (coupled with the PIN selection waiver) causes new food stamp recipients to have more problems using their EBT card, at least initially, and that the impact is greater for vulnerable recipients.

When the focus was narrowed to problems other than PIN use—keeping track of the remaining balance, not knowing how to use the system, difficulties due to impairment—only 1.5 percent of waiver-State and 0.4 percent of nonwaiver-State recipients said they had ever found it difficult to use their EBT cards. The difference, although statistically significant, is small. Of perhaps greater importance, vulnerable recipients in the waiver States were much more likely (4.1 percent) than those in the nonwaiver States (0.6 percent) to say they ever found it difficult to use the EBT card. They were also more likely to experience difficulties than nonvulnerable new recipients.

Most new recipients say they know how to check their remaining food stamp balances; the training in the waiver and nonwaiver States appears to be equally effective in this regard. Even so, about 5 percent of all EBT transactions in the waiver States are rejected because the account has insufficient funds. The corresponding figure in the nonwaiver States is 4.1 percent. Vulnerable new recipients have a higher percentage of rejected transactions for insufficient funds than

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<sup>42</sup>CFR 274.12 (g)(10)(ii).

nonvulnerable new recipients. Finally, there is little evidence of a learning effect with regard to the prevalence of insufficient fund transactions; rates of such transactions are not systematically lower for existing cases than for new EBT users.

### Problems Using the EBT System

Survey respondents were asked whether they ever needed help from someone at the store to use their EBT card. Table 48 shows that only 14 percent of recipients in Louisiana reported that they needed help, compared with about 23 percent of new food stamp recipients in Pennsylvania, 28 percent in Minnesota, and nearly 33 percent in Alabama. Thus, there is a significant difference between the waiver States and nonwaiver States in the percentages of new recipients reporting they had needed help using EBT card (30.6 vs. 18.3 percent). Significant differences exist within both the vulnerable and nonvulnerable subgroups, as well.

In comparing the responses of vulnerable and nonvulnerable recipients in table 48 we see that, in all States except Louisiana, vulnerable recipients were more likely to say they had ever needed help with the EBT system than nonvulnerable recipients. For the two waiver States combined, the 13.3 percentage point difference (41.3 vs. 28.0 percent) is statistically significant at the 0.01 level, whereas the 3.7 percentage point difference for nonwaiver recipients (21.1 vs. 17.4 percent) is not significant. In Alabama and Minnesota, the differences between the vulnerable and nonvulnerable recipients' responses are statistically significant at the 0.05 level. In Pennsylvania the difference is significant at the 0.10 level, whereas the Louisiana difference is not statistically significant. Whether or not these differences arise from the different training practices in the four States, it is clear that the vulnerable recipients in the waiver States were the most likely group to have needed help using their EBT cards.

**Table 48—New entrants reporting they needed help using an EBT Card**

Respondent group	Total waiver	Total non-waiver	Waiver States		Nonwaiver States	
			Alabama	Minnesota	Louisiana	Pennsylvania
All new entrants (percent)	30.6	18.3**	32.9	28.3	14.0	22.5**
Sample size (number)	882	750	545	337	387	363
Vulnerable new entrants (percent)	41.3	21.1**	41.4	41.3	10.0	32.1**
Sample size (number)	255	271	188	67	133	138
Nonvulnerable new Entrants (percent)	28.0	17.4**	30.8	25.3	14.6	20.2
Sample size (number)	627	479	357	270	254	225

Note: Table entries are based on responses to Question E2 of the Survey of New EBT Users.

†Difference between this and the entry immediately to the left is significant at the 0.10 level.

\*Difference between this and the entry immediately to the left is significant at the 0.05 level.

\*\*Difference between this and the entry immediately to the left is significant at the 0.01 level.

One might expect that “infrequent” shoppers would have greater difficulties using the EBT card than those who use their card often. Instead, a large difference exists only in Pennsylvania, where 8.9 percent

of new recipients said they shopped less than once per month.<sup>43</sup> There, however, infrequent shoppers were less likely to have ever needed help than more frequent shoppers (9.5 vs. 23.3 percent).

For those respondents in table 48 who said that they had ever needed help using their EBT card, we asked whether the help was needed when they were first learning to use the card or “because of a problem” This question was an effort to distinguish between difficulty learning how to use the system and problems with the system itself. A large majority of recipients needing help in each State (from about 77 percent in Louisiana to about 85 percent in Pennsylvania) said it was when they were first learning to use the card.<sup>44</sup>

It is quite likely that some of the respondents who said they needed help were referring to problems using or remembering their PINs. We therefore asked them whether they ever found it difficult to use their EBT card and, if so, what they found difficult. The questions were worded in the present tense to try to distinguish between past problems and current difficulties. Overall, 6.8 percent of recipients in the waiver States said they found it difficult to use the EBT card, compared with 4.5 percent of those in the nonwaiver States. The 2.3 percentage point difference is statistically significant at the 0.10 level.

In responses to an open-ended, followup question about what recipients found difficult, some of the problems were clearly system or store related. Examples include trouble swiping the EBT card through the card reader (usually caused by a problem with the magnetic stripe on the back of the card), problems with the EBT terminal, and the store clerk’s not knowing how to process an EBT transaction.

If we exclude both the problems that were system or store related and those involving PIN use, we are left with problems other than PIN use that are related to the recipient’s ability to use the EBT system. Reported problems included difficulty keeping track of one’s remaining balance, not knowing how to use the system, being impaired and having related difficulties using the system, and being too embarrassed or nervous to use the system. Table 49 shows the percentages of survey respondents who said they ever found it difficult to use the EBT card because of one of these recipient-related difficulties. The percentages are generally low, indicating that by the time these new food stamp recipients were interviewed, very few were having difficulties using the system (beyond the PIN-related problems discussed in chapter 4). Vulnerable recipients in the waiver States, however, were still considerably more likely to have difficulty (4.1 percent) than vulnerable recipients in the nonwaiver States (0.6 percent). This difference was large enough to produce a statistically significant difference for the combined groups of vulnerable and nonvulnerable recipients (that is, all new entrants) as well.

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<sup>43</sup> Table 26 in chapter 4 presented information on shopping frequency.

<sup>44</sup> We recognize that the wording “because of a problem” may not have been entirely successful in distinguishing between problems associated with recipients’ learning how to use the system and problems with the system itself. Past evaluations of EBT systems, however, have found that recipients are not always able to distinguish between true system malfunctions and problems caused by human error (either their own or error by the store clerk in using the EBT terminal). We therefore did not attempt a more rigorous definition of system problems. We note that difficulties in interpreting responses to this question are the same in all four States, so cross-State comparisons of survey responses remain valid. In addition, because most respondents said that they needed help in learning to use the card, difficulties interpreting “because of a problem” become less of a concern.

**Table 49—New entrants who ever found it difficult to use an EBT card, excluding system-related causes**

Respondent group	Total waiver	Total non-waiver	Waiver States		Nonwaiver States	
			Alabama	Minnesota	Louisiana	Pennsylvania
All new entrants (percent)	1.5	0.4*	1.0	2.1	0.1	0.6
Sample size (number)	881	749	545	336	387	362
Vulnerable new entrants (percent)	4.1	.6*	2.9	5.3	.3	1.0
Sample size (number)	255	270	188	67	133	137
Nonvulnerable new Entrants (percent)	.9	.3	.5	1.4	.1	.5
Sample size (number)	626	479	357	269	254	225

Note: Table entries are based on responses to Questions E3 and E3a of the Survey of New EBT Users.

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\*Difference between this and the entry immediately to the left is significant at the 0.05 level.

\*\*Difference between this and the entry immediately to the left is significant at the 0.01 level.

In all four States, vulnerable recipients were more likely than nonvulnerable recipients to report that they ever found it difficult to use the EBT card. Only in Alabama and the two waiver States as a group, however, are the respective differences statistically significant (at the 0.05 level).

When food stamp recipients encounter a problem with their EBT card or account, they can contact someone for assistance; both Citibank and eFunds Corporation operate EBT help desks. Generally, recipients are told during training to contact the EBT help desk with card-related problems or problems with an EBT transaction. They are told to contact their local food stamp office for questions about food stamp benefits.

The survey asked recipients where they would seek help for an EBT problem. Table 50 displays their responses. Multiple responses to this question were allowed, and recipients in Alabama and Minnesota were about equally likely to call the help desk or their local food stamp office for assistance. In contrast, recipients in the two nonwaiver States were much more likely to call their caseworker or food stamp office than the EBT help desk. For the two nonwaiver States, 83.0 percent of new recipients said they would call their caseworker or local office for help, compared with only 55.2 percent who indicated they would call the help desk.

**Table 50—Whom respondents call with an EBT problem**

Help source	Total waiver	Total non-waiver	Waiver States		Nonwaiver States	
			Alabama	Minnesota	Louisiana	Pennsylvania
<i>Percent</i>						
Help desk/customer service	67.7	55.2**	70.0	65.3	60.0	50.4*
Caseworker/local office	67.1	83.0**	63.9	70.4†	78.7	87.3*
Family member/friend	2.4	2.8	2.2	2.6	2.8	2.8
<i>Number</i>						
Sample size	882	750	545	337	387	363

Note: Table entries are based on responses to Question E5 of the Survey of New EBT Users. Multiple responses were allowed, so column figures do not add to 100 percent.

†Difference between this and the entry immediately to the left is significant at the 0.10 level.

\*Difference between this and the entry immediately to the left is significant at the 0.05 level.

\*\*Difference between this and the entry immediately to the left is significant at the 0.01 level.

## Checking Remaining Balances and Insufficient Funds

Food stamp recipients using an EBT system have several ways to check the dollar value of their remaining food stamp benefits. First, they may call the system’s help desk or a special telephone number. After identifying themselves by entering their EBT card number, they receive an updated account balance. Recipients may also use special “balance-only” EBT terminals located at the food stamp office and in some food stores. Another alternative is to use the EBT terminal in the store’s checkout lane to obtain a current balance, although store clerks and program officials generally try to dissuade recipients from doing so because it can create delays in the checkout line. Finally, at the end of each EBT transaction, the balance is printed on the EBT receipt. By holding on to the receipt, a recipient has a record of the balance as of that time. Any benefits posted to the account after that purchase will of course change the balance.

The different methods for obtaining information about balances in one’s EBT account are explained during EBT training. Because recipients in the waiver States did not receive hands-on training, we hypothesized in chapter 1 that they might have more trouble tracking their balances. To check this, the survey asked recipients whether they knew how to check the food stamp benefits remaining in their EBT account. As shown in table 51, the hypothesis is not supported; new food stamp recipients in the waiver States are just as likely to know how to check their EBT balances as their counterparts in the nonwaiver States. (New food stamp recipients in Pennsylvania, however, are less likely to know how to check their EBT balances than new recipients in Louisiana.) Further, only in Alabama are vulnerable new recipients significantly less likely to know how to check their balances than nonvulnerable new recipients (0.05 level).

**Table 51—New entrants who know how to check their EBT balance**

Respondent group	Total waiver	Total non-waiver	Waiver States		Nonwaiver States	
			Alabama	Minnesota	Louisiana	Pennsylvania
All new entrants (percent)	93.6	94.1	94.8	92.5	97.3	91.0**
Sample size (number)	879	748	544	335	387	361
Vulnerable new entrants (percent)	91.1	91.3	91.0	91.2	95.9	86.7*
Sample size (number)	252	269	187	65	133	136
Nonvulnerable new entrants (percent)	94.3	94.7	95.7	92.8	97.5	92.0*
Sample size (number)	627	479	357	270	254	225

Note: Table entries are based on responses to Question E4 of the Survey of New EBT Users.

†Difference between this and the entry immediately to the left is significant at the 0.10 level.

\*Difference between this and the entry immediately to the left is significant at the 0.05 level.

\*\*Difference between this and the entry immediately to the left is significant at the 0.01 level.

The most popular methods of checking EBT balances did not vary by State. In all States, about three-quarters of new food stamp recipients said that they had used their EBT or ATM receipts to check their food stamp balance. From 64 to 78 percent of recipients across the four States, however, also said that they had checked their balance by calling a special phone number for a recorded report. The percentages of recipients ever using other methods all fell at or below 25 percent; receipts and the special phone number were clearly the favored means of tracking account balances.

We do not know how often recipients check their balances, only that most of them say they know how. When they do not keep track, they run the risk of trying to buy more groceries with their EBT card than they can pay for with the food stamp benefits remaining in their account. At the store, the EBT terminal sends a purchase request to the EBT host computer for the dollar amount of the intended purchase, say \$50. If the recipient's EBT account holds less than \$50 in food stamp benefits, a reply reading "insufficient funds" (or a similar message) is sent back to the terminal. The message indicates the amount of benefits left in the account, so the recipient can initiate a second purchase request for a sum less than or equal to that amount, either by removing some items from the shopping cart or by paying by (cash or check) for the difference in total purchase amount and the second EBT purchase request.

Insufficient funds transactions, also known as "NSF transactions," create delays in the checkout line because a second EBT transaction needs to be initiated. The second transaction, like the first, requires card swipe and PIN entry. For this reason recipients are often told during EBT training to check their balance before going to the store so that delays are avoided. If less-effective training is offered as a result of the waiver for hands-on training, then one might expect to see more NSF transactions the waiver States than in the nonwaiver States.

The Survey of New EBT Users did not ask respondents about NSF transactions. The EBT transaction data and summary statistics, however, do provide information on the prevalence of insufficient funds transactions. From table 52, we see that 5.0 percent of transactions initiated by new food stamp recipients in the waiver States resulted in a denial (or rejection; both terms are used in EBT systems) for insufficient funds. The corresponding percentage for recipients in the nonwaiver States is 4.1 percent, so the hypothesis is supported. It is also supported among existing cases, 4.9 to 3.7 percent.

**Table 52—EBT transactions rejected for insufficient funds**

Cases	Total waiver	Total non-waiver	Waiver States		Nonwaiver States	
			Alabama	Minnesota	Louisiana	Pennsylvania
<i>Percent</i>						
All new entrants	5.0	4.1	4.3	5.6	3.1	5.2
Vulnerable new entrants	6.9	6.1	6.2	7.5	4.6	7.6
Nonvulnerable new entrants	4.7	3.9	3.9	5.5	3.0	4.9
Existing cases	4.9	3.7	4.7	5.1	3.4	4.1
Vulnerable existing cases	7.7	5.5	7.4	8.0	5.4	5.5
Nonvulnerable existing cases	3.9	3.1	3.6	4.2	2.7	3.4
<i>Thousands</i>						
Total transactions	3,480	9,239	2,391	1,089	3,786	5,453

Notes: Table entries are based on EBT transaction data from November and December 1999. "Vulnerable" cases are here defined as elderly recipients or those listed on State eligibility files as having a disability. No significance tests were performed because the data do not represent a sample.

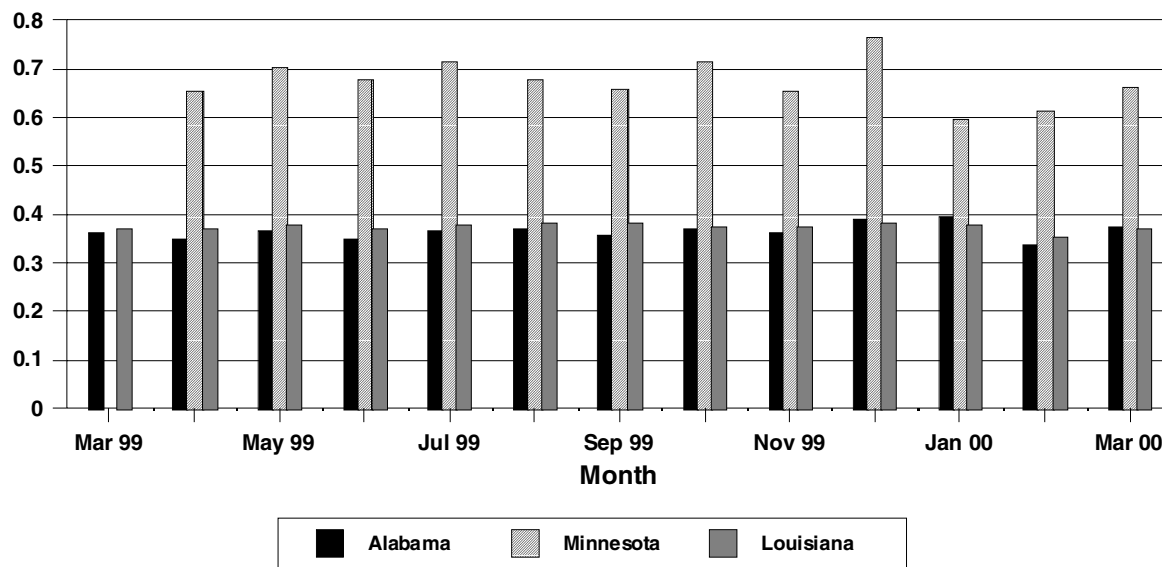
Vulnerable recipients—whether new entrants or existing cases—have a higher percentage of transactions rejected for insufficient funds than do nonvulnerable recipients. The largest difference in percentage is among existing cases in Minnesota, where 8.0 percent of vulnerable recipients'

transactions are rejected for insufficient funds, compared with only 4.2 percent for nonvulnerable existing cases.

Finally, is there a learning effect for NSF transactions? The data in table 52 may suggest that there is a small such effect for nonvulnerable recipients; the percentages for nonvulnerable new entrants are always greater than those for nonvulnerable existing cases. This is also true for vulnerable recipients in Pennsylvania, but not in the other three States. None of the differences between new and existing cases is very large, however, so the support for a learning effect is not very persuasive.<sup>45</sup> Experience with the EBT system, therefore, does not lead to a large decrease in NSF transactions. Perhaps experiencing an NSF transaction is less of a bother to some recipients than keeping track of remaining balances.

Figure 5 presents information on NSF transactions from the monthly EBT summary statistics. Although the summary statistics provide information on the total number of NSF transactions processed by the system each month, they do not provide separate totals for food stamp and cash transactions. Figure 5 therefore divides total NSF transactions by total EBT cases (both food stamp and cash-only) to yield a ratio of NSF denials to cases. One can interpret the ratio as the average number of NSF transactions per case per month.

Figure 5  
Ratio of NSF transactions to total cases



Data on NSF transactions are not available for Pennsylvania, and they are missing for Minnesota in March 1999.

The striking thing about figure 5 is the high ratios in Minnesota compared with those in Louisiana and Alabama, whose ratios of NSF transactions to total cases are nearly equal. Such a disparity was not observed in table 52. We believe the reason for the different results in the two exhibits is

<sup>45</sup>Recall that the EBT transaction data do not represent a sample, so no tests of significance are presented. If tests were conducted, nearly all differences would be statistically significant because of the large “sample” sizes involved. The more relevant question is whether any differences are “large” from a policy perspective.

that table 52 includes only food stamp transactions, whereas figure 5 is based on both food stamp and cash transactions. Previous EBT research has shown that denials for insufficient funds are more common for cash benefits than food stamp benefits,<sup>46</sup> and the Minnesota caseload has a much higher percentage of cash-benefit cases than the Alabama and Louisiana caseloads. In November 1999, 62 percent of the Minnesota EBT caseload received cash benefits, compared with only 12 percent of the Alabama caseload and 15 percent of the Louisiana caseload.

## Inactive EBT Accounts

EBT systems track how many days have elapsed since the card-holder last accessed his or her account. When benefits have gone unused for 90 days or more, the account is considered “stale.” After 90 days, food stamp benefits may be stored in an off line file and the EBT account closed. If the recipient returns to the food stamp office within 1 year after the benefits were issued, a new EBT account is created, and the benefits that had been moved off line are posted to the new account. After one year of not being accessed, benefits are expunged, and the food stamp recipient loses all rights to those benefits.

EBT accounts can become stale for a number of reasons. First, if recipients move to another State, they can first go to the local food stamp office to have their remaining EBT balance converted to food stamp coupons (or, in some States, cash). If only a few dollars are left in the account, however, they may decide it is not worth their time to make a special trip to the office. These remaining benefits would then eventually become stale.<sup>47</sup> Second, the recipient may become too sick or infirm to use the EBT card for an extended period. Third, recipients with very low monthly benefits may try to “save” their benefits over time and use them for a special occasion.<sup>48</sup> Finally, some benefits may go unused because the recipients do not know how to use their EBT card or are too embarrassed or nervous to ask for help.

The only direct data we have concerning stale accounts come from the EBT summary statistics. The summary data are imperfect because not all States and EBT vendors handle stale accounts uniformly. For instance, there is uncertainty over how long accounts with unused benefits remain on the system in our four study States. During the period for which we have data, State agencies were working with their EBT vendors to purge inactive accounts. Nevertheless, data on stale accounts are a potentially valuable resource for investigating possible recipient problems with system use. For this reason, we present rates of stale accounts in figure 6. The figure shows that the rates of 90-day stale accounts are very nearly equal in Alabama and Louisiana; in those two States an average of about 3.6 percent of all food stamp EBT accounts are stale in any given month. The rate in Pennsylvania is considerably lower, at about 1.8 percent of accounts, whereas a monthly average of about 8.6 percent of food stamp accounts in Minnesota have been inactive for 90 days. The Minnesota rates are quite high, perhaps because the EBT processor for

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<sup>46</sup>The research was done as part of the study *Economics of EBT* (FNS contract 43-3198-7-0402), which included a computer simulation model of the cost and revenue components of EBT systems.

<sup>47</sup>The frequency of this particular cause of stale accounts should decrease in the future as State agencies make their EBT systems interoperable. When this happens, recipients who move to another State with a compatible EBT system will be able to access their old benefits from their new location.

<sup>48</sup>For a previous evaluation, we surveyed food stamp recipients in Maryland whose EBT benefits had been unused for at least 60 days. Several recipients receiving \$10 in benefits per month said they were saving their benefits in order to buy food for a Thanksgiving dinner. These recipients tend to be elderly persons receiving supplemental security income (SSI), and FNS recognizes that this “savings” behavior occurs frequently within this population (personal correspondence with Jane Duffield of the EBT Division at FNS, March 29, 2001).

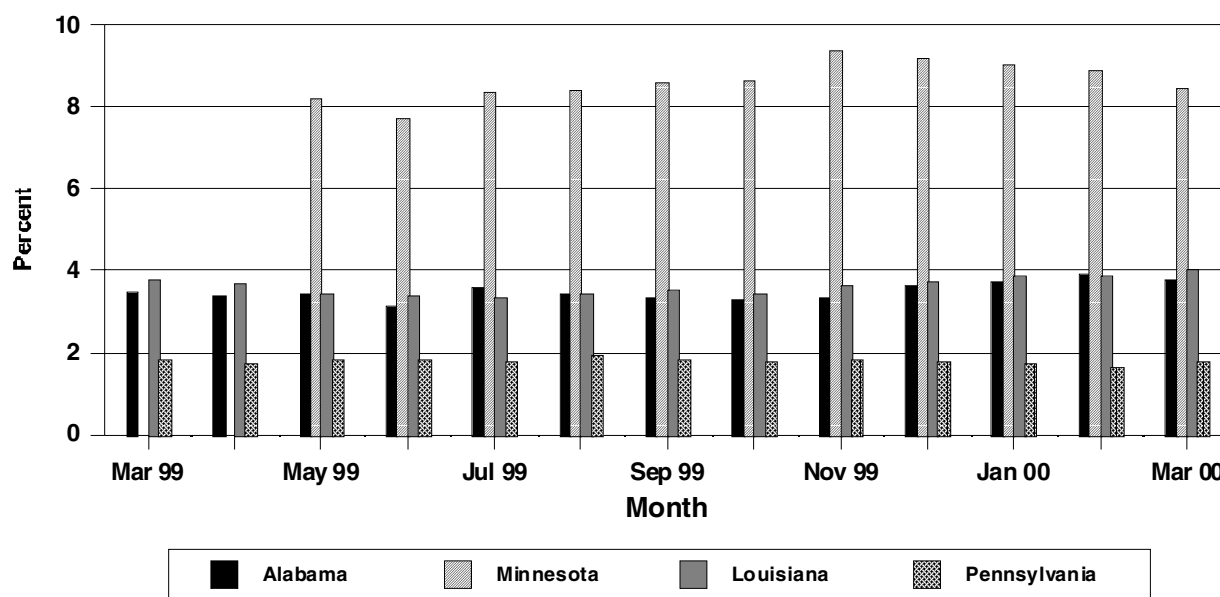


Minnesota had not been deleting inactive accounts from system files. For this reason, and because the rates in Alabama and Louisiana are so similar, we do not believe that the State-to-State variation in rates is related to the presence or absence of the hands-on training waiver.

Other evidence of possible non-use of the EBT card comes from merging the State administrative data used to create the sample frame for the Survey of New EBT Users with the EBT transaction data obtained from FNS and singling out entrants with no matching transactions. The evidence, presented below, is suggestive at best, because the absence of a successful merge could be due to reasons other than card non-use. Because the merge was based on case identification number and EBT card number, however, we believe that most nonmatches do represent recipients' non-use of their new EBT card.

Figure 6

**Percentage of stale EBT accounts (inactive for 90 days or more)**



Data in stale EBT accounts are not available for Minnesota in March and April 1999.

The data in table 53 suggest that some new food stamp recipients in each State had enough difficulty with their EBT cards that they made no effort to use the card within a month after receipt.<sup>49</sup> There is considerable State-to-State variation in the percentage of new entrants with no observed EBT transactions (including no rejected transactions), but the average for the two waiver States (4.5 percent) is not very different from the average for the two nonwaiver States (5.0 percent). What is striking about table 53 is the difference between vulnerable and nonvulnerable new entrants.

Vulnerable entrants were substantially more likely than nonvulnerable entrants to have made no EBT transaction attempts, especially in Minnesota, where 25.0 percent of all vulnerable new entrants (and only 2.9 percent of nonvulnerable new entrants) had no EBT record match.

<sup>49</sup> All respondents to the survey received their EBT cards in October or November of 1999. The EBT transaction data cover the months of November and December 1999.

**Table 53—New entrants (sample frame) with no EBT transactions**

Entrant group	Total waiver	Total non-waiver	Waiver States		Nonwaiver States	
			Alabama	Minnesota	Louisiana	Pennsylvania
All new entrants (percent)	4.5	5.0	3.4	5.6	1.8	8.2
Sample size (number)	5,704	17,086	4,176	1,528	7,082	10,004
Vulnerable new entrants (percent)	16.0	9.1	7.0	25.0	3.5	14.6
Sample size (number)	1,215	2,410	1,027	188	944	1,466
Nonvulnerable new entrants (percent)	2.6	4.4	2.2	2.9	1.6	7.1
Sample size (number)	4,489	14,676	3,149	1,340	6,138	8,538

Notes: Table entries are based on an attempted merge of new-entrant records from State food stamp administrative files with EBT transaction data from November and December 1999. “Vulnerable” cases are here defined as elderly recipients or those listed on State eligibility files as having a disability. No significance tests were performed because the data do not represent a sample.