
OFFICE OF GOVERNOR RONNIE MUSGROVE
INTEROFFICE MEMORANDUM

TO: BOYD
FROM: RILEY
SUBJECT: 9/5/00 SENATE PUBLIC HEALTH & WELFARE SUBCOMMITTEE MEETING ON DHS
ELECTRONIC BENEFIT TRANSFER (EBT) MEETING
DATE 9/6/00
CC: HEALTH FILE

Senators Simmons (Chair), Harvey and Lee attended the 9/5 meeting held at 2:00 in Room 216. DHS staff at the table included Dr. Fletcher, Mary Ross, Michael Raff and Bob Martin (EBT Director).

Dr. Fletcher stated that she hopes work of past 7 months will compliment DHS completing the RFP process and having a statewide EBT system. The USDA has indicated that they will approve the proposed RFP by September 15 at which point DHS will issue the RFP. Representatives of the BT system in Texas were to arrive evening of 9/5 to confer with DHS as to process.

Mary Ross reported that Raff and Martin were in DC last week meeting with USDA. Raff stated that the USDA believes 3-4 vendors will respond to the RFP. Raff then walked the senators through the proposed timeline for the RFP, the pilot project and statewide implementation.

Senator Simmons asked how the system will change after EBT is implemented. Raff reported that clients will use a debit card rather than coupons. DHS will meet with retailers as well as clients to train all parties involved in the new system. Simmons asked if the new system will force local communities to change their way of doing business. Raff said that many retailers already utilize point of sale equipment. Fletcher reported that EBT will be more efficient (reduction in paperwork) and that the debit cards will also carry the client's cash assistance as well as their food benefits. Raff reported that retailers' accounts will be credited that night, rather than in 2-3 days as with coupons, increasing retailers' cash flow.

Senator Lee inquired as to the cost of the system. Martin reported that administration of the system is split 50/50 with the feds. The selected vendor will provide the EBT point of sale equipment to retailers. If a retailer chooses to go commercial with the EBT cards (i.e., purchase point of sale machines which can also handle credit and bank debit cards), the retailer will bear that cost. Jitney stores in

Louisiana and Alabama already utilize an EBT. All of Mississippi's surrounding states have an EBT system.

Raff pointed out that Mississippi has until October of 2002 to implement this system to be in compliance with USDA regulations. Ross informed senators that DHS will be requesting two legislative changes in the upcoming session: 1) extend last year's legislation from 2001 to 2002 and, 2) change the pilot program from 5 counties to one county. DHS is proposing Rankin County as a pilot due to its proximity and to its having multiple sized retailers which should encompass all potential problems/situations. Raff stated that the USDA requires a one county pilot.

Raff reported that it costs the state \$23 million to administer the food stamp program each year, in addition to the \$23 million in federal funds drawn down. Dr. Fletcher clarified that this \$23 million encompasses administration and eligibility determination. The coupons are 100% federally funded as to their retail value. She also reported that fewer contractors respond to EBT RFPs because contractors make their money on a cost per client amount and the food assistance and welfare rolls have shrunk with welfare reform.

Senator Simmons inquired as to the role of the state. Fletcher reported that the state's role will be one of oversight. DHS is already dealing with a contractor for the printing and distribution of the food stamps. Cashiers have been changed to client service reps in the past few years since stamps have been mailed rather than distributed from a central location. EBT will not result in reduction of staff. Raff reported that these client service reps will request that their clients come into the local DHS office for EBS training. Each client will be assigned a PIN number necessary in order to purchase goods with the EBT debit card.

I left the meeting at 2:50 to attend my scheduled 3:00 meeting at Department of Education.