



Fact Sheet

Electronic Benefits Transfer Services

The federal welfare reform law of 1996 required all states to convert food stamp benefits from paper coupons to Electronic Benefits Transfer (EBT) systems by October 2002. Many states, including Washington, combine food stamps and cash assistance payments for low-income individuals and families onto a one-card, electronic system. The card allows recipients to access funds through automated teller (ATM) and point-of-sale (POS) machines at commercial outlets like financial institutions and grocery stores.

Washington belongs to the Western States EBT Alliance (WSEA) along with Alaska, Arizona, Colorado, Hawaii, Idaho, Nevada and the territory of Guam. As an alliance member, Washington contracts with JP Morgan Chase (formerly CitiCorp) to deliver cash and food assistance through a tamper-proof card called QUEST. States get pricing breaks by being part of EBT alliances like this one. In addition to the WSEA states, JP Morgan Chase provides EBT services to 30 other states, including California, Michigan, New York and Wisconsin.

In Washington, more than 257,000 QUEST cards are in use statewide. More than \$865 million in EBT transactions occurred in this state during state fiscal year 2005. The state's seven-year, \$74.3 million EBT contract with JP Morgan expires on April 28, 2012. It covers a broad range of EBT services, including customer service assistance through three subcontracted offshore call centers in India and Mexico.

The vast majority (over 99%) of all EBT-related customer service calls are handled electronically in the U.S. through an interactive voice response system. This system gives quick, timely and accurate responses to questions (e.g., balance and transaction inquiries) from EBT users and retailers. The system transfers most callers who ask for a live-operator to India (Pune or Bangalore). Spanish-speaking customers are connected to the customer service center in Mexico (Tijuana).

In August 2005, JP Morgan and its subcontractors received over 769,300 EBT-related calls for Washington State. Less than one percent (6,471) of all customer service calls were transferred to India and Mexico. Washington has received no complaints from customers who received services through the offshore call centers.

JP Morgan trains customer service representatives in India and Mexico on the rules for benefit programs in EBT states. Washington's contract with JP Morgan spells out customer service performance expectations, including response time and accuracy. JP Morgan in turn agrees to service performance levels for their subcontractors operating offshore call centers, such as MsourcE and Convergys. JP Morgan monitors the centers to be sure they meet performance expectations.

Under the terms of the EBT contract, JP Morgan and its subcontractors are bound by the same state and federal laws about using and safeguarding confidential information as is the Department of Social and Health Services.

During the current 7-year EBT contract, Washington has the option to transfer offshore services to JP Morgan's call center based in Jacksonville, Florida for an additional fee of 35 cents per case, per month. Based on this cost per case and projected yearly caseload growth, Washington's annual EBT administrative costs would increase by more than \$2 million annually under this option.