

NASCIO RECOGNITION AWARDS

Nomination Form

Please complete entire form. All nominations must be postmarked no later than May 18, 2003.

Title of Nomination: Illinois EBT Link System

Project/System Manager: Debi Songer

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Category for judging (please list only one): Digital Government: Government to Citizen

Person Nominating (if different than above): Cheryl Janey

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NASCIO 2003 Recognition Awards

Executive Summary

In the early 1990s the Federal government passed the Welfare Eligibility Act, revolutionizing the way welfare benefits are distributed by the Federal government and administered by the states. As a provision within this act, states were given 10 years to implement electronic benefits transfer (EBT) systems. The agency responsible for carrying out this mandate in Illinois, the Department of Human Services (DHS), implemented EBT quickly, providing its benefit recipients with a model, high-tech program — access to goods and services with a simple swipe of a debit card. Illinois' EBT system is a model for other state programs as well as for guidelines set by the Federal government. Northrop Grumman Information Technology (IT) is the State's prime EBT contractor, providing reliable, efficient data processing, overall coordination and program management of EBT services for Illinois' food stamp program and five cash assistance programs, supporting over 490,000 cases per month

A. Project Description

Federal welfare regulations mandated that states deliver food stamp benefits via electronic benefits transfer (EBT) no later than the year 2002.

The state of Illinois was quick to comply, and successfully implemented the Illinois EBT program, Illinois Link, which first issued electronic benefits to clients October 1996; by November 1997, Illinois Link was operational statewide.

Illinois offers acceptance of state benefits under the Illinois Link program. The Illinois Link system services approximately 500,000 clients who now use the Link card to access their benefits across the state. Approximately 7,000 retailers accept the Link card for food purchases and many of those retailers also provide cash access.

Illinois Link is administered and operated within the Illinois Department of Human Services (DHS). DHS manages a number of Human Services programs for the citizens of Illinois, including cash assistance and Food Stamp benefit programs, as well as other programs including those from the areas of Community Health and Prevention, Mental Health and Developmental Disabilities Services, Rehabilitation Services, Employability and Training. Illinois Link, as implemented, has consistently received federal recognition as the best EBT system in the country.

The Illinois Link Program distributes approximately \$70 million in Food Stamp benefits and \$19 million in cash assistance benefits to approximately 500,000 assistance households each month. Illinois Link distributes cash assistance and Food Stamp benefits to all clients in the State. The programs currently included in Illinois Link are: the Food

Stamp Program (FSP), Temporary Assistance for Needy Families (TANF), Assistance to the Aged, Blind and Disabled (AABD), General Assistance (GA), Refugee Reparation Assistance (RRA) benefits, and Child Support Payments.

Using the new EBT Link systems, Illinois assistance recipients apply for their benefits in the usual way, by filling out a form at their local food stamp office. Once eligibility and level of benefits have been determined, an account is established in the participant's name, and food stamp benefits are deposited electronically in the account each month. A plastic card, similar to a debit card, is issued and a personal identification number (PIN) is assigned or chosen by the recipient to give access to the account.

When redeeming benefits, the recipient's card is run through an electronic reader or a point of sale terminal (POS), and the recipient enters the PIN to access their account. Then, electronically, the processor verifies the PIN and the account balance, and sends an authorization or denial back to the retailer. The recipient's account is then debited for the amount of the purchase, and the retailer's account is credited. No money and no food coupons change hands. Payment is made to the retailer through an electronic settlement process at the end of the business day.

Northrop Grumman IT is the primary contractor for the State and the transaction authorizer. In addition to responsibility for the overall operation of the system, Northrop Grumman IT maintains both the central site hardware and software applications, manages the central processing telecommunications networks, and operates and manages associated hardware, remotely, from a Northrop Grumman IT data center.

B. Significance to the improvement of the operation of government

Illinois Department of Human Service's rapid implementation of the EBT system provides citizens with high-tech access to welfare benefits through a debit card. With a simple swipe of the card at point-of-sale locations statewide, benefit recipients can immediately access goods and services. Illinois' EBT system became a model for other state programs and for guidelines set by the Federal government.

C. Benefits realized by service recipients, taxpayers, agency or state

The Link system provides Illinois EBT clients with increased convenience and satisfaction. Illinois EBT system also helps assistance recipients avoid the negative stigma of using food stamps through the use of a debit card, which is more mainstream than traditional assistance documentation. The audit trail the EBT system creates can help to decrease the incidence of fraud and misuse of food stamp benefits. The Illinois Link system also eliminates the ability of clients to receive change from food stamp purchases and should eliminate most black-market activity. Furthermore, anytime the recipient uses his or her Link card to make a purchase he/she can easily check the balance in their account because it is printed on their receipt.

The Illinois Link system eliminates much of the paper handling involved in the food stamp system, and automates the accounting process. This provides DHS employees with more time to assist recipients.

Additionally, the cost savings and service enhancements through system modernization and the enhanced EBT system allow for overwhelming system reliability and performance for the State. Furthermore, the system was designed and implemented with scalability to accommodate system growth.

D. Return on investment, short-term/long-term payback

The Link System eliminates the need for currency exchanges to serve as distribution "middlemen." Estimated annual Link savings upon statewide implementation were estimated at \$9.6 million for the State of Illinois, \$10.6 million for Link clients (in check cashing fees), and \$4 million for the federal government.

With the help of their contractor, Northrop Grumman IT, the State of Illinois reduced their cost of operating their Electronic Benefits Program by over 18% from the previously operated EBT system, saving the State an estimated \$2M annually, \$10M over the life of the base contract. These cost reductions were achieved while also meeting the Federal Standards and Requirements for the next generation of electronic processing (EBT1 to EBT2).