**Exhibit 3**

**Background**

1. **Oklahoma Department of Human Services Overview**

Oklahoma implemented a statewide EBT program for the delivery of benefits for the SNAP and Temporary Assistance to Needy Families (TANF) Programs beginning in April 1997, with the system implemented statewide in September 1998.  In April 1999 the state expanded its EBT programs with the addition of the Day Care system.   This on-line time and attendance system was fully implemented statewide in November 2003.  Benefits from the two systems are linked onto a single card.  Further, Oklahoma transitioned TANF from an EBT environment to a debit card program in April 2007. This debit card program also includes payments to Child Support custodial parents and State Supplemental Payments, Foster and Adoption payments, DDSD, Energy assistance, and Sales Tax, Refugee Assistance, and Child Support non-custodial parent refunds. Adult Daycare was added to the Day Care system in April 2012.  EBT services currently are provided to the State by Conduent State and Local Solutions.

Listed below are the core services and functions provided under the current agreement:

* 1. Project management and system integration;
  2. System account management – Settlement and Reconciliation;
  3. Transaction switching to comply with the FNS interoperability requirements;
  4. Retailer and Provider management, including distribution and maintenance of Point of Sale devices;
  5. (POS), embossers, and retailer/provider agreements;
  6. Card stock replacement;
  7. POS terminal installation and maintenance;
  8. Flat Card printer installation and maintenance;
  9. Administrative Terminal Support;
  10. Retailer and Provider education;
  11. Management Reports from all systems;
  12. Call centers (Help Desks);
  13. Interfaces with Federal Systems;
  14. Debit card services;
  15. Direct deposit services; and,
  16. Client Debit card web portal.
  17. Child Care mobile app for parents

1. **DHS Current System Environment**

DHS currently uses three different platforms for the different EBT programs used by the agency.

For the federal SNAP program, we currently use the 2007 SNAP EPPIC platform from Conduent State and Local Solutions with upgrades in 2015.

For our child care and adult day care time and attendance system, DHS currently uses the 2003 e-childcare EPPIC platform from Conduent State and Local Solutions with upgrades in 2008 and again in 2015.

Our cash programs use the Way2Go platform from Conduent State and Local Solutions with a MasterCard branded debit card.  The Way2Go platform replaced our Legacy platform in 2016 as a result of federal and state legislation requiring that cash benefits not be used at specific retailers and businesses.  This resulted in having two MasterCard branded debit cards, one that is unrestricted and one that is restricted.  All of our cash programs are loaded onto one of these two debit cards.

The DHS is currently using Dell laptops with Windows 10 and Zscaler for connecting to the network.  DHS also uses IMS/Mainframe to get Direct:Connect and Real:Connect option for real-time transfer of data as well as batch files on a monthly basis.  DHS is currently using the EPPIC platforms from our current vendor for SNAP and for Time and Attendance as well as the Way2Go platform for the Debit Card/Direct Deposit programs.  DHS follows all protocols for security as mandated by the State’s OMES services.

1. **DHS Historical Caseloads**

The historic data provided is no indication or guarantee of future SNAP caseloads.  Caseloads change based on economic conditions, changes in federal law and regulations, changes in State law and policies, and other factors.

|  |  |  |  |
| --- | --- | --- | --- |
| Year | SNAP | TANF (Adults) | TANF (Children) |
| 2016 | 874,837 | 5,327 | 23,324 |
| 2017 | 850,855 | 5,574 | 19,215 |
| 2018 | 825,583 | 4,440 | 19,689 |
| 2019 | 804,641 | 3,856 | 18,137 |
| 2020 | 816,375 | 4,203 | 17,933 |

2020:

* + 49,053 Child Recipients
  + Number of Child Care Providers accepting subsidy: 1,720

* + Number of households receiving heating assistance: 65,737
  + Number of households receiving cooling assistance: 66,011
  + Number of households receiving ECAP emergency utility assistance: 5,905

Approximately:

* + 11,600 adoption subsidy payments monthly
  + 3,800 Foster Care payments monthly
  + 89,000 ABD payments monthly
  + 1,300 DDSD payments
  + 150,000 Child Support payments monthly

1. **DHS SNAP Program**

The SNAP Program is a food assistance program administered by the Food and Nutrition Service (FNS) of the U.S. Department of Agriculture (USDA). FNS sets national SNAP program policies and authorizes food retailers to accept program benefits. FNS monitors retailer program compliance and investigates retailers suspected of fraudulent activities.  Although administered by FNS, the program is operated by the State.  The State and County offices determine eligibility and authorize benefits. To maintain client eligibility caseloads, the State operates an eligibility certification system. State and county offices are also charged with investigating clients who are suspected of fraudulently obtaining benefits.

**Program Purpose-**SNAP benefits are used to supplement the food buying power of eligible low-income households. The purpose of the Program is to improve the levels of nutrition among low-income households and to strengthen the agricultural economy through normal commercial channels.

**Benefit Restrictions-** As a food assistance program, the SNAP program benefits are restricted to the purchase of eligible food items in authorized food retail locations.

**Retailer Management-** Retailers authorized by FNS to accept SNAP program benefits are required to comply with program rules. This may include traditional and non-traditional merchants.  Any retailer listed on the FNS retailer database may receive Point of Sale (POS) equipment through the EBT system.  SNAP program benefits can be used only to purchase food items designated as eligible food items by FNS. The Department of Agriculture’s Office of the Inspector General (OIG), FNS Retailer Investigations Branch, Secret Service, and State or local law enforcement officials are responsible for retailer fraud investigations.

**Funding-**SNAP program benefits are 100% funded by the federal government.  Benefit funds are not disbursed until the client uses the EBT card, a debit is posted to the clients account and an Automated Clearing House (ACH) settlement transaction has occurred. The federal and state Governments generally share the administrative cost of operating the SNAP program equally. Fees for interoperable SNAP transactions are 100% funded by the federal government to a maximum ceiling each federal fiscal year. Any interoperability costs associated with switching or settlement of interstate SNAP transactions that are not 100% reimbursed by Federal financial participation shall not be billed to the State.

**Financial Liabilities**-Federal Funds may not be drawn for over-issuances or transactions in excess of the authorized recipient benefit allotment.

1. **Oklahoma State Department of Health (Oklahoma WIC Program)**

The Special Supplemental Nutrition Program for Women, Infants, and Children (WIC Program) provides nutritious foods, nutrition education, breastfeeding promotion and support, and health care and immunization support referrals to eligible pregnant, postpartum and breastfeeding women, infants and children to five years of age at or below 185% of the Federal Poverty Level who are certified to be at nutritional risk. The USDA Food and Nutrition Services (FNS) provides grants to the Oklahoma State Department of Health (OSDH), which enters into agreements with local agencies to provide eligibility determination, nutrition counseling, and related administrative services to WIC participants.

The Oklahoma WIC Program currently serves approximately 67,118 participants representing 42,730 households for whom cards are issued, per month in 12 local agencies and 111 clinics.

The State manages and authorizes WIC benefits for eligible clients through PHOCIS (Public Health Oklahoma Client Information System).

Oklahoma implemented a statewide EBT program for the delivery of benefits for the WIC Program beginning in February 2016, with the system fully implemented statewide in September 2016.

1. **Oklahoma WIC Program Current System Environment**

Through an interface with PHOCIS, the current EBT Supplier’s WIC EBT system (known as EPPIC) receives accurate, updated retailer and client benefit information. WIC clients apply their specific benefits toward approved products via EBT at authorized grocery retailers (“WIC-vendors”). In return, EPPIC provides transaction data and real-time benefit balances and changes to PHOCIS.

Below are the core services and functions provided under the current agreement:

* + Project management and system integration;
  + System account management;
  + Settlement and Reconciliation;
  + Processing services;
  + Retailer and Provider management;
  + Embossed card stock replacement;
  + POS terminal installation and maintenance;
  + POS replacement as needed;
  + Administrative Terminal Support;
  + Retailer and Provider education;
  + Management Reports from all systems;
  + Call centers (Help Desks);
  + Participant Web Portal; and,
  + Retailer/Vendor Portal.