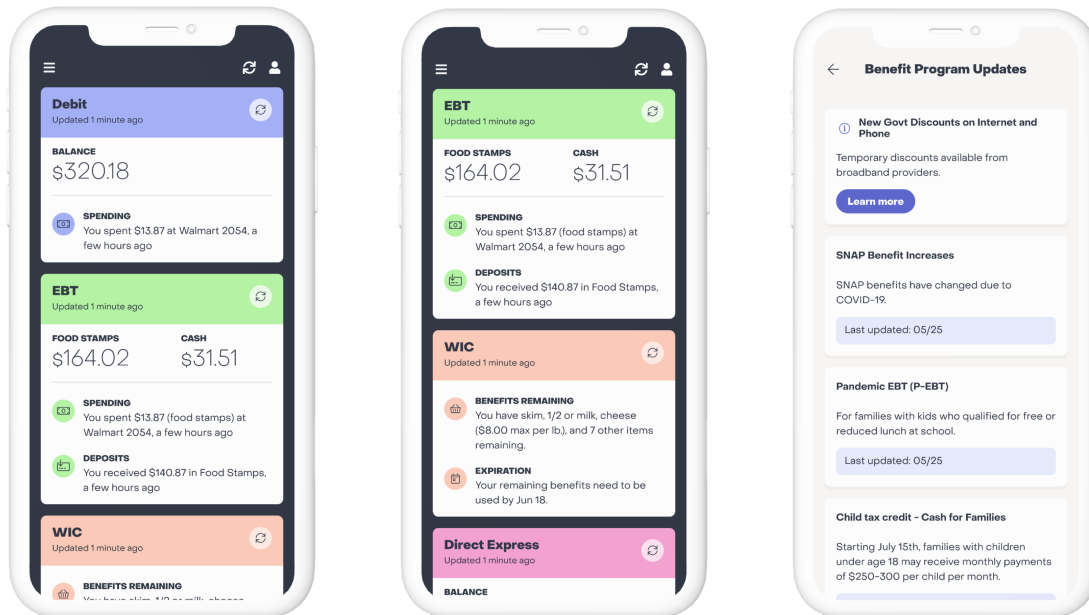


**United States House of Representatives  
Committee on Rules  
Written Statement of Jimmy Chen  
Founder and CEO, Propel  
June 16, 2021**

**Executive Summary**

Propel builds a free smartphone app that over 5 million households across the country use to manage their EBT cards and improve their financial health. Originally named **Fresh EBT**, we've renamed the app **Providers** - we've heard from our users that nutrition programs and other financial supports enable them to *provide for their families with pride*. Providers is a free app that enables families with limited income to manage their banking and government benefits in one unified place, providing tools and resources to improve their financial health. In this testimony, we will focus on the lived experiences of our users, with an emphasis on nutrition and food insecurity.

Through regular surveys, interviews, customer calls, and reviews, we have learned that technology is an opportunity to meet people where they are - to help them make it through the month and to provide for their families. We've spent the past seven years improving our technology to be responsive to the needs of our users, helping them receive emergency cash grants, apply for jobs, save on utility bills, access broadband, and more. We believe that more innovation around government payments like EBT could be unlocked if EBT data was put on par with financial data.



## **Propel was founded from the idea that low-income Americans deserve world class technology, too**

*Diana<sup>1</sup> is a mother to seven grown children and grandmother to 19. She works part-time as a housekeeper and the rest of the time provides “daycare” for her family. She and her retired husband have been receiving SNAP in different amounts, depending on how much she’s working, for the past five or six years. One day she saw her daughter checking her SNAP benefits balance through an app called Fresh EBT. Diana was used to calling the 1-800 number on the back of her EBT card and going through an automated phone system to hear her SNAP balance. With the app, where she could check her balance at any time, it was a relief to not have to call and “sit there and listen to all the blah blah blah and punch in all the numbers and just sit there.” Diana now uses the app at least five or six times a week. Sometimes her husband asks how much they have left, and since an accident has left her with short-term memory loss, she just opens the app to tell him. She always checks her balance before going to the store, and as she’s leaving, to make sure the transaction went through and that she’s budgeting for the month. In addition to the convenience, Diana likes that Fresh EBT doesn’t make her “feel stupid” the way other things online do. (She has tried, unsuccessfully, to use her bank’s mobile app.)*

In 2014, as part of a technology fellowship at the Robin Hood Foundation, I set out to apply for SNAP at the Human Resources Administration office in Brooklyn, New York. I joined the line of people waiting to meet a caseworker and fill out the same application. I noticed that people were doing what most of us do when we have an hour to wait— they were on their smartphones, killing time. Here was a tool that almost everyone had and could do what we were all waiting in line to complete with the caseworker. I later found similar challenges when we learned that most EBT cardholders call a 1-800 number in order to check their EBT balance, rather than checking their balance through an app. The problem wasn’t hardware - studies by the Pew Research Center show that not only do most low-income Americans have a smartphone, one in four actually rely on a smartphone as their *only* access to the Internet. And Black and Latinx adults are more likely to rely only on smartphones, and less likely to have access to broadband Internet.<sup>2</sup> The problem was software. Why weren’t technology companies building the apps and tools to make it easier and faster for people to use their smartphones to access and manage government benefits?

Propel was founded from the idea that low-income Americans deserve the same easy-to-use, modern, user-focused technology that wealthier Americans take for granted. We started with the Supplemental Nutrition Assistance Program (SNAP), and we built the Providers (formerly Fresh EBT) app to modernize the daily experience of SNAP. Providers allows Electronic

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<sup>1</sup> All names have been changed. The individual stories included here are from interviews conducted in July 2020.

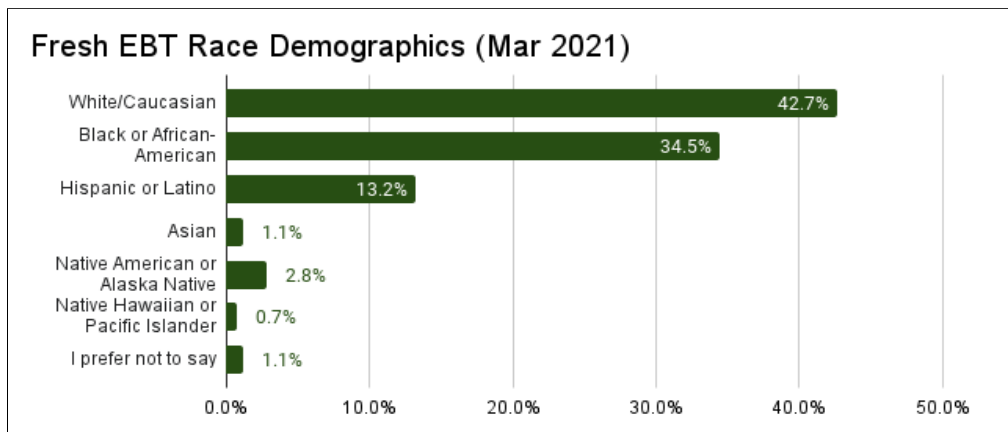
<sup>2</sup> Monica Anderson and Madhumitha Kumar, “[Digital divide persists even as lower-income Americans make gains in tech adoption](#)” (Washington, DC: Pew Research Center, May 2019).

Benefits Transfer (EBT) cardholders to view their SNAP balance and transaction history instantly, save money via coupons, and earn money through job postings. Providers is available for free in all 50 states and 4 territories and has grown to reach over 5 million households every month, serving roughly one in five SNAP recipients nationally.

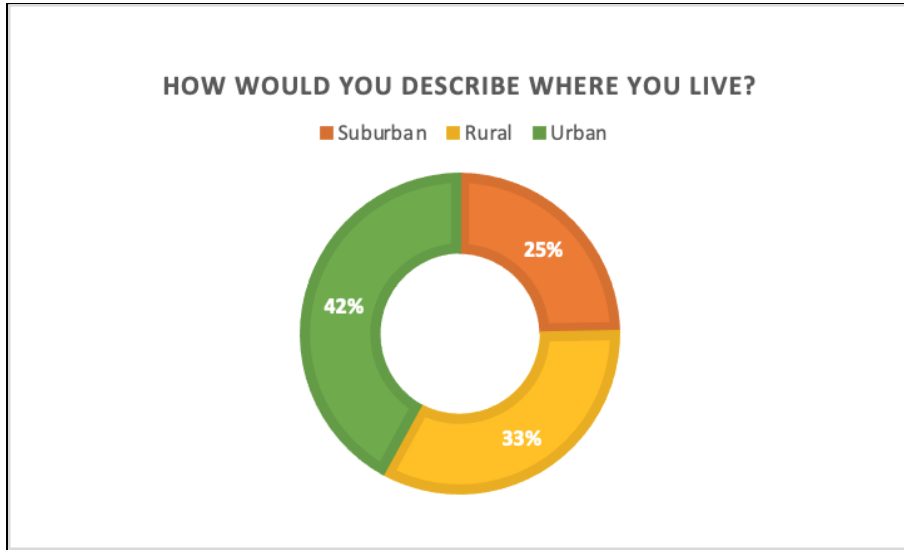
To date, Propel’s platform has been used by SNAP households to manage and stretch a limited food budget. But to help families in financial need get back on their feet, we have realized that we need to address the fragmented set of tools that low-income Americans must navigate to make ends meet. In response, Fresh EBT is becoming Providers - a secure, affordable, trusted banking product for users to receive and manage their government benefits alongside their money. The name Providers comes from listening to the people who use our app - they don’t see themselves as EBT recipients. They see themselves as providers.

**Who are the families using our app, and what have we learned from them?**

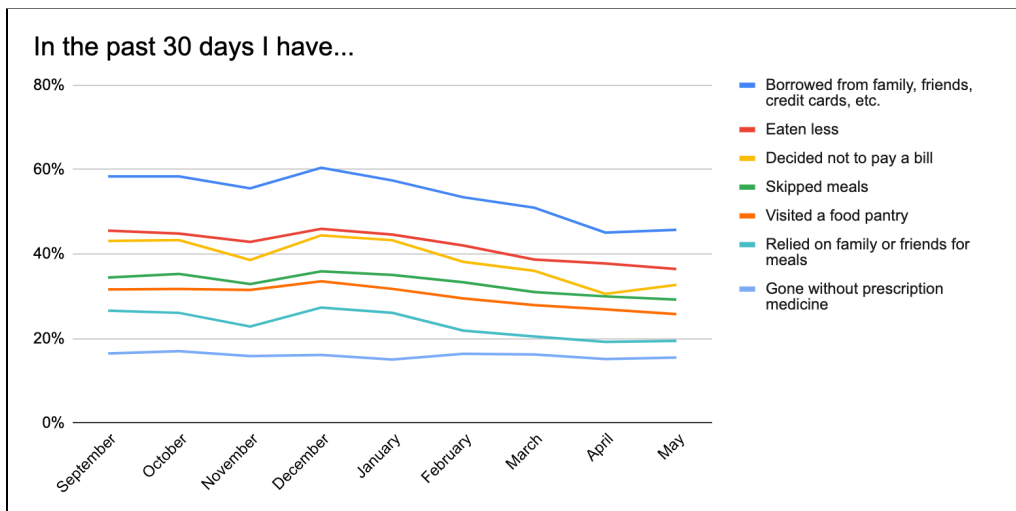
Almost half of the families on our platform are Black and Latinx.



Households on our platform live in cities, in suburbs, and in rural areas.



The research we have conducted and our interactions with people using our app paint a picture of families juggling hunger, medical expenses, housing instability, and meeting basic needs. The families we serve are forced to make hard choices to make ends meet with few options for managing complex budgets that include government benefits issued through specialized cards and payment systems.



Data from Propel's monthly Household Pulse Survey.

And while government benefits provide a crucial lifeline to the households who use our app, benefits too often do not reach those who need them most. According to the most recent survey conducted by Propel, 15 percent of households using our app have not received the third Economic Impact Payment despite being eligible. Many Providers families are missing out on much-needed stimulus payments because they do not have up-to-date banking information on file with the IRS. Propel's research reveals that Black and Latinx households

were disproportionately less likely to receive the stimulus payments compared to white households.<sup>3</sup>

### Providers Extends SNAP Benefits by 2 Days Per Month

*Ayisha is from South Alabama, "the hardest spot on the map to see." She has three kids under the age of 6. She first heard about Fresh EBT through her caseworker--well, her second caseworker: "my old caseworker pretty much just said 'here's your EBT card. Have a great day.'" The day Ayisha got Fresh EBT, she called her 70 year old mother ("she's like my best friend") and walked her through downloading it. "She needs something easier than an automated system to get her balance." The last time she looked at it was this morning, while going through her phone after the baby woke her up for a feeding. She'd given her fiancé the EBT card to go shopping yesterday, but never asked him how much he spent. She's not concerned really, except she wants to know how much is left before she goes shopping again. "I don't want to get to the cashier with \$200 worth of groceries and have \$170 to cover it." She's been at the store with a whole basket of groceries and then checked her balance. **"You're praying and you're hoping that you have enough."** Ayisha always has her groceries tallied up--within a dollar range, since the taxes aren't included in the listed prices. Better to know in advance how much she has on the EBT card, and double-check once she's in line.*

The Providers app allows EBT cardholders to view their SNAP balance at any time, in addition to helping them manage their benefits through tracking transactions, saving via coupons, and earning money through job postings. Before we developed the Providers app, SNAP participants had to call a 1-800 number (very likely the most called number in the country, according to our research) to check their balances. The Providers app has transformed the grocery store experience for millions of SNAP beneficiaries across the country.

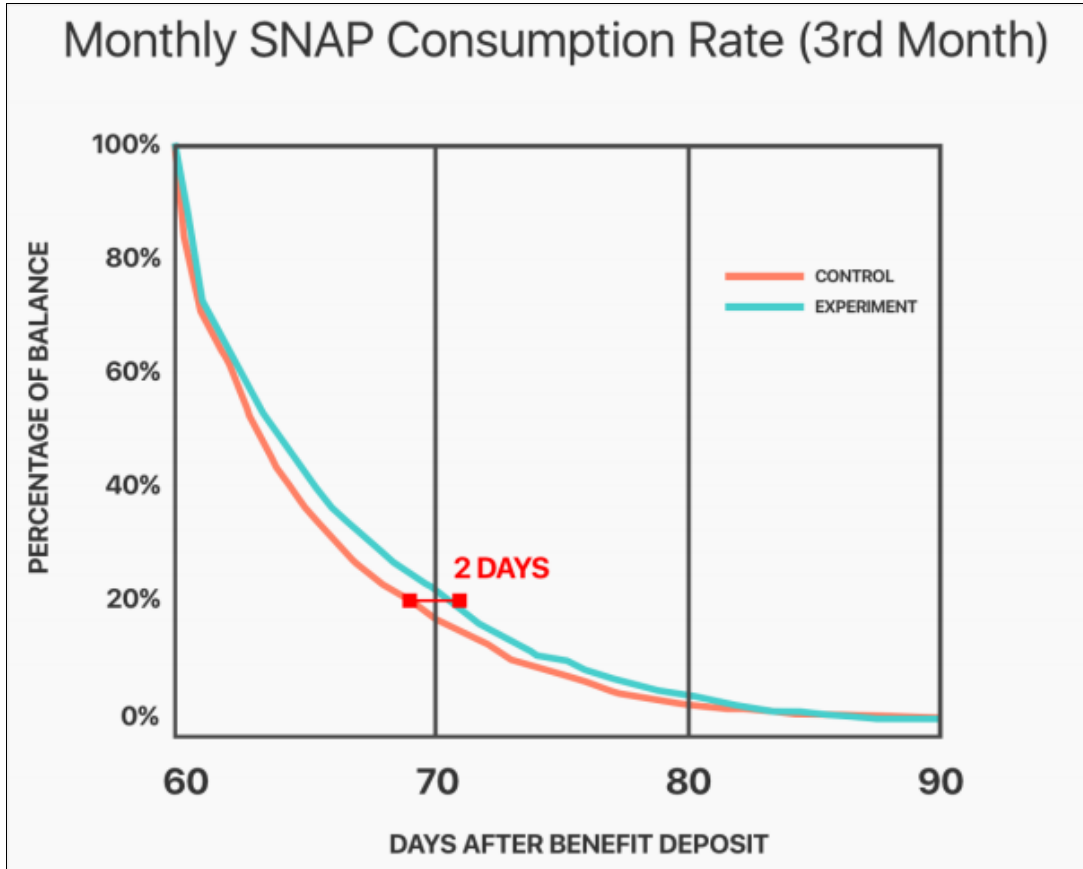
The app not only makes grocery shopping easier and more convenient, it leads to more tangible benefits as well. An external study found that because households using the Providers app check their EBT balance more frequently than households not using the app, their benefits last longer, reducing the days that they and their families go hungry.<sup>4</sup> Given that the average SNAP household hits a zero balance on the 21st of the month<sup>5</sup>, even an extra day or two can make a big difference.

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<sup>3</sup> ["The COVID-19 Pandemic Hit Fresh EBT Users of Color Harder,"](#) Propel, May 6, 2021.

<sup>4</sup> Andrew Hillis, ["Salience through Information Technology: The Effect of Balance Availability on the Smoothing of SNAP Benefits"](#) Harvard Business School Working Paper, No. 18-038, October 2017.

<sup>5</sup> De la Rosa, Wendy and Joanne Yeh, ["Managing SNAP \(Food Stamps\) Efficiently,"](#) Center for Advanced Hindsight, 2016.



### Accessing Resources in Times of Crisis

*Jennifer is a 40 year-old mother and grandmother living in Missouri. She works at the community college where she earned her Associate’s degree and her daughter was also once a student. She’s been deemed an essential worker but only goes into work once a week. Thankfully, she’s still getting 100% full-time pay. The last time Jennifer received SNAP was about two years ago before she separated from her ex-husband and no longer qualified for the benefits. She also lost Medicaid but at least her youngest child got to keep it. Jennifer applied for Pandemic EBT for her son recently, after her sister told her about it. She downloaded Fresh EBT about two weeks ago, when she got the P-EBT card in the mail, also at the recommendation of her sister. She used her new benefits this past Saturday at Walmart, which allowed her to get more food items--good stuff like vegetables and fruits. At Walmart, she explains, when you're doing a split tender, you have to tell them if it's EBT and you have to let them know how much to charge to that card. “I said \$302 because I also bought nonfood items.” After that shopping trip, Jennifer thought she’d wiped out her benefits but realized she had a few dollars left after checking Fresh EBT. “I thought I’d used them all but I didn’t!”*

As a smartphone-based, user-focused platform, Providers can respond quickly and meet people where they are—on their phones—to listen to their needs, share information, and help them respond to crises, often in partnership with nonprofits and other stakeholders.

In 2019, when the government shutdown resulted in EBT cardholders receiving two months of benefits at once, we heard from people using our app that they were concerned about making their benefits last for two months. Propel quickly created an in-app “vault” that allowed users to hide a certain amount of their benefits balance, helping them make their funds last.<sup>6</sup>

Our responses go beyond SNAP, reflecting the needs of the households using our app. Since the beginning of the pandemic last March, 375,000 Americans have enrolled in Lifeline and received a free smartphone through our app; 210,000 have applied for jobs; 14,000 have signed up for discounted home internet; over 4,500 have applied for Medicaid; over 1,000 have applied for a qualified health plan.

When the COVID-19 pandemic led to new or expanded benefits programs, Propel created a feature to communicate these changes to users directly in the app. The “Benefits Update Center” has become the app’s most used feature, viewed by more than 8 million individuals since the onset of the pandemic last year, and expanded beyond just communicating information to connecting users to the actions necessary to access new benefits and protections. For example, over 41,000 individuals submitted the declaration necessary to avoid eviction, and 3.5 million connected with the non-filer tax form to access the Economic Impact Payments (“stimulus checks”).

Perhaps the most powerful example is Propel’s partnership with GiveDirectly, a nonprofit organization specializing in cash transfer programs. Starting in March 2020 we helped to distribute \$1,000 in no-strings-attached cash grants to households across the country. We knew that the families using our app needed aid fast—faster than the government could stand up a program to help. The first \$1,000 cash grants to our users were disbursed on March 22, 2020; many who had just been furloughed that week were able to receive a payment immediately. This initiative, called Project 100+, has since become the largest private cash transfer program in the United States, distributing over \$140 million in cash grants to SNAP participants through our app.

When the COVID-19 pandemic began, Propel understood that our app users would be deeply and quickly impacted by the economic shutdown. To understand how users were being affected, Propel launched a household pulse survey in mid-March 2020 which is still

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<sup>6</sup> The benefits “hidden” by this feature were still completely available for use at any time, just simply not reflected in the current balance displayed in the app.

running on a monthly basis. This survey covers topics such as food insecurity, housing and eviction, access to new social safety net programs (the stimulus payments, Pandemic EBT, unemployment expansions), and open-ended questions. Each month, a randomly-selected cross-section of several thousand SNAP participants complete the survey through Providers. Fifteen months later, these survey results have grown into a robust source of insights into the daily lives of low-income Americans amidst the pandemic. We share these findings with nonprofit partners, the public, and policymakers such as the members of this committee at <https://www.joinpropel.com/learn>.

## How the Federal Government Can Support Americans Receiving Benefits

*Akilah is a single mom in California whose 17 year old just got into college. She thinks the SNAP program itself is helpful but "the bureaucrats of the system are horrible." Volunteering in her community, Akilah has learned that they never make it easy for the people using the services. "You go in and wait all day to go to an appointment the next day." When she first found the app, she thought it seemed too good to be related to the government. "They wouldn't have anything to push people forward. They just want you to keep us coming back." Not to mention the awkward moments at the cash register--Akilah has had to try charging multiple amounts and getting her EBT card declined or spending just \$5 to figure out what her balance is. The app lets her get there before reaching the register. **"It gives you the freedom to plan. It gives you the freedom to relax."** To Akilah, not having to call to check her balance makes her EBT card feel like any other card from the private sector.*

In 2017, the Consumer Finance Protection Bureau (CFPB) developed principles to guide user-permissioned access to financial data, the foundation of which was laid in Section 1033 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. **Congress should extend these principles to government benefits like SNAP, establishing that consumers should have the right to use third-party tools like Providers, and creating a clear lane for technology innovation that serves consumer needs.**

Much of the financial technology ("fintech") industry is built on the ability to view your banking information in non-bank apps. Apps like Mint enable budgeting; apps like Venmo make it easier to send money; apps like Acorns and Digit make it easier to save. In financial services, Dodd-Frank made it clear that consumers own their individual banking data, and thus have the right to use any third-party tool of their choice to manage their own money. This has enabled a significant amount of innovation over the last decade. Importantly, much of that innovation hasn't come from the legacy banks - it has come from upstarts focused on addressing a specific consumer need, often creating a layer of software on top of existing banking services.



Extending these principles to government benefits, like SNAP and EBT, would legitimize and promote similar types of innovation. Companies like Propel, which focus squarely on government benefits, will have more clarity to operate and provide services to government benefits recipients. Companies that already build popular financial services products, like the ones mentioned above, could extend their products to support SNAP and EBT. This need not compromise security - to begin, the technology could be read-only (i.e. ability to see EBT balances). The financial services industry has also demonstrated that it is possible to have a rich ecosystem of non-bank products without making banking less secure.

A major victory of the transition from paper food stamps to EBT was reducing stigma around payments. Today, the frontier has shifted; the best way to reduce stigma around safety net programs while simultaneously enabling technology innovation is to ensure consumer control of their own data.