

March 5, 2024

The Honorable Ben Barnes, Chair  
House Appropriations Committee  
House Office Building, Room 121  
Annapolis, Maryland 21401

**RE: TESTIMONY ON HB 1434 - DEPARTMENT OF HUMAN SERVICES - ELECTRONIC BENEFITS TRANSFER CARDS - RESTORATION OF BENEFITS - POSITION: FAVORABLE WITH AMENDMENTS**

Dear Chair Barnes and Members of the Appropriations Committee:

The Maryland Department of Human Services (DHS) thanks the Committee for consideration of House Bill 1434 (HB 1434). We request a favorable report with the amendments agreed upon with the sponsor, Delegate Lewis, on this critical legislation. With offices in every one of Maryland's jurisdictions, DHS helps Marylanders in economic need, administering programs including the Supplemental Nutrition Assistance Program (SNAP) and Temporary Cash Assistance (TCA).

In 2023, Maryland was the first state in the nation to respond to organized and nation-wide theft of SNAP and cash benefits. Urgent legislation was introduced in the Maryland General Assembly through the Prevent Electronic Benefits Theft Act of 2023 (Ch. 172 of 2023), which was signed into law by the Governor on April 24, 2023. Leveraging a combination of federal funds made available through the Consolidated Appropriation Act of 2023 and State General Funds, we moved with urgency to reimburse stolen benefits to thousands of Marylanders.

As of March 1, 2024, DHS has replaced over \$21.9 million in stolen benefits to over 33,100 Maryland households. In this same time, nearly 90% of applications were approved, with an average processing time of 3-4 days.

The Consolidated Appropriations Act, 2023 (the CAA) included provisions to replace SNAP benefits stolen as a result of Electronic Benefits Transfer (EBT) card fraud. The federal program limits stolen benefit replacement based on when theft is reported, the number of claims made, and the total amount of stolen benefits that are eligible for replacement. Further, under the federal program, Maryland may only replace benefits stolen between October 1, 2022 and September 30, 2024. At this time, it is anybody's guess as to whether Congress will authorize the replacement of stolen SNAP benefits past the September 30, 2024 timeline established under the CAA.

As currently written, the Prevent Electronic Benefits Theft Act of 2023 requires DHS to replace benefits without regard to the availability of funding appropriated for the purpose. DHS will be required to cover all stolen benefits regardless of whether or not there is a state funding source when federal funding under the CAA sunsets. It is not possible, at this time, to accurately predict the total reimbursement needs in the coming fiscal years because EBT fraud trends are difficult



to predict. DHS is relying on roughly a year's worth of data and new features to better protect against increased incidences of EBT theft. Based on internal data, the majority of benefits reimbursed were covered under the federal funding source.

Through no fault of their own, families whose benefits were stolen have suffered enough. Nearly a year ago, the policy of the State of Maryland was to do nothing to replace stolen food and cash benefits. Pleas by Marylanders for help went unanswered. The Moore-Miller administration listened and deliberately chose to act. We moved with urgency to replace stolen benefits. So much so that Maryland became the first state in the nation to reimburse stolen benefits. Yet again, the Administration has committed to action.

In fact, the Governor's SFY 2025 budget includes \$27 million to replace stolen benefits. HB 1434 helps make sure Maryland can continue to deliver on its promise to reimburse stolen benefits.

We want Marylanders using Electronic Benefit Transfer (EBT) cards to enjoy the same consumer protections afforded to private sector customers. We aim to be one of the first states in the nation to integrate Europay, Mastercard, and Visa (EMV) chip technology into our EBT cards. EMV chip technology is the same technology used in the majority of all retail consumer credit and debit cards in the United States.

Chip technology enables insert or tap payments and avoids the risk of "skimming" when cards are swiped. "Skimming" is a process of corrupting a swipe mechanism on a debit/credit card reader to enable the theft of credentials. It is the primary method by which benefits are stolen. We believe the use of chip technology in Maryland would drastically reduce instances of EBT card theft. In January of 2024, we amended the contract with our card vendor to implement chipped EBT cards. At this time, we estimate full implementation will take 18 months.

As we move forward, we will explore every available option to increase security in an effort to better protect the people we have the honor of serving. In the long-term, securing people's benefits is best achieved by ensuring our customers have bank accounts into which cash benefits can be deposited. Bank accounts are FDIC insured and offer additional protection and security. We are working with the CASH Campaign of Maryland to increase the number and rate of banked customers in benefit programs.

We appreciate the opportunity to provide favorable testimony to the Committee for consideration during your deliberations. We look forward to the decision of the Committee and welcome continued collaboration on HB 1434.

If you require additional information, please contact Rachel Sledge, Director of Government Affairs, at [rachel.sledge@maryland.gov](mailto:rachel.sledge@maryland.gov).

In service,



Rafael López  
Secretary