

HB1434 Sponsor Testimony - Senate.pdf

Uploaded by: Delegate Robbyn Lewis

Position: FAV

ROBBYN LEWIS
Legislative District 46
Baltimore City

Health and Government Operations
Committee

Subcommittees

Health Occupations and Long Term Care
Public Health and Minority
Health Disparities

House Chair

Joint Committee on Program Open Space
and Agricultural Land Preservation



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

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Testimony in Support of HB1434 - Department of Human Services - Electronic Benefits Transfer Cards - Restoration of Benefits

Hearing date: March 21, 2024

Thank you, Chair Beidle, Vice Chair Klausmeier, and members of the Finance Committee. I am Delegate Robbyn Lewis testifying on behalf of HB 1434. This bill reaffirms the state's commitment to restoring certain stolen Electronic Benefits and protecting Marylanders from electronic theft.

The bill before you is identical to the version that passed the House on March 13th.

Maryland's Stolen Benefits Replacement Program – the first in the nation – was established last year by the Moore Administration's Department of Human Services (DHS), under the leadership of Secretary Rafael Lopez. Before that, no Marylander victimized by EBT theft had ever been made whole. Today, the Program is working incredibly well; since launch, DHS has reimbursed more than \$20 million dollars in stolen benefits to 31,000 Maryland households. Unfortunately, the Program lacks dedicated funding.

As I've worked on this bill, I have benefitted from the DHS-stakeholder partnership that came together last year. This bill has been the subject of energetic, thoughtful stakeholder engagement, which I have welcomed. It has also drawn some media attention. Restoration of stolen benefits is now legitimately viewed as an entitlement, not a one-off band-aid made possible by federal good will, and that is why this bill has garnered so much passionate attention. No Marylander should go hungry for any reason; certainly not because hackers and bad actors have stolen their rightful nutrition and cash benefits.

The bill before you builds on HB 502 Prevent Electronic Benefits Theft Act of 2023, which authorized DHS to restore fraudulently stolen Supplemental Nutrition Assistance Program

(SNAP) and Temporary Aid to Needy Families (TANF) benefits, delivered via EBT cards. The types of fraud included physical theft, identity fraud and theft via electronic skimming practices. Last year's bill also required DHS to take steps to reduce the incidence of electronic fraud. Other provisions of the 2023 bill involved procurement, notice, and reporting.

Never had the federal government allowed states such flexibility. It was only through passage of the 2022 federal Consolidated Appropriations Act of 2023, which was signed into law by President Biden on December 29, 2022 in response to a nationwide epidemic of EBT fraud, that gave states authority to use federal nutrition program dollars to reimburse stolen SNAP benefits. However, this authorization was temporary and short term: it did not create a new entitlement.

The bill before does so. It goes beyond last year's bill, treating the restoration of stolen SNAP and TANF benefits not as a short-term emergency response, but rather as an entitlement that should have dedicated funding. HB 1434 makes clear that reimbursement of stolen benefits is contingent on the availability of funding, just as the Maryland Medical Assistance Program. As you know, Medicaid is a federal-state entitlement. Section 15-103 of the Health General Article mentions numerous times that health care services under Medicaid are "subject to the limitations of the state budget" or "shall provide services in accordance with funding restrictions included in the annual State budget bill".

The bill before you also proposes a workgroup that will study and make recommendations to create a dedicated funding stream for the Program. With a report date of December 1, 2024, these recommendations will be available in time to act during the 2025 legislative session.

Thank you for your consideration. I respectfully request a favorable report.

Sincerely,

Delegate Robbyn Lewis

HB1434_MRA_FWA.pdf

Uploaded by: Sarah Price

Position: FWA



**HB1434 Department of Human Services - Electronic Benefits Transfer Cards -
Restoration of Benefits
Finance Committee
March 21st, 2024**

Position: Favorable with Amendments

Background: HB1434 would update the authorization and timeline for the State to reimburse stolen electronic benefit transfer funds.

Comments: The Maryland Retailers Alliance (MRA) is in strong support of the continued restoration of food benefits funds to Marylanders who have been victims of fraud and theft. SNAP funds benefit Marylanders across the board by reducing food insecurity and directly supporting the local economy. We became aware of problems with Supplemental Nutrition Assistance Program (SNAP) funds in 2022 and reached out to the Department of Human Services (DHS) to determine the source of the issues. It soon became apparent that Maryland was experiencing one of the highest rates of SNAP theft in the country. We were strongly supportive of legislation passed in 2023 to address this issue and to restore stolen funds to Marylanders.

The use of skimmers to commit identity theft is an issue that continues to impact all shoppers, and the retail industry is working hard to address this widespread issue. The average customer whose personal debit or credit card is skimmed, cloned, or otherwise stolen is able to seek reimbursement from their banking institution. This, unfortunately, was historically not the case for SNAP beneficiaries before recent federal and State action. MRA continues to support the reimbursement of stolen benefits funds and the House amendment to HB1434 which would require the State to identify and recommend a dedicated stream of funding for this purpose. We would recommend the legislature also consider maintaining the existing mandate that benefits be reimbursed, and removing the date ending the window of time during which stolen benefits may be reimbursed. While we appreciate that HB1434 as introduced would extend that window and recognize the budget constraints currently facing the State, we do not expect that the theft issues impacting benefits customers will have abated by the end of this year and we would respectfully urge the body to allow continued reimbursement into the future.

Thank you for your consideration.

HB 1434_PJC_Unfavorable_FIN.pdf

Uploaded by: Ashley Woolard

Position: UNF



Ashley Woolard, Staff Attorney
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HB 1434
Department of Human Services – Electronic Benefits Transfer Cards – Restoration of Benefits
Hearing of the Senate Finance Committee
March 21, 2024
1:00 PM

UNFAVORABLE

The Public Justice Center (PJC) is a not-for-profit civil rights and anti-poverty legal services organization which seeks to advance social justice, economic and racial equity, and fundamental human rights in Maryland. Our Health and Benefits Equity Project advocates to protect and expand access to healthcare and safety net services for Marylanders struggling to make ends meet. We support policies and practices that are designed to eliminate economic and racial inequities and enable every Marylander to attain their highest level of health. **PJC respectfully opposes HB 1434, even with the sponsor and Appropriations’ committee amendments**, which would strip the requirement for the Maryland Department of Human Services (DHS) to reimburse a beneficiary for any benefits lost due to theft. It would also require the Department to reimburse all eligible theft claims on or before December 31, 2025 that occurred between January 1, 2021 to September 20, 2024, thus eliminating DHS’ obligation to reimburse eligible theft claims occurring during the time period without limitations.

HB 1434 would break Maryland’s promise to reimburse victims of food and cash assistance benefits theft less than one year after that promise was made.

We thank this Committee for the groundbreaking work it did in protecting benefits recipients by passing HB 2, Prevent Electronic Benefits Theft Act of 2023, a bill drafted in collaboration by DHS and advocates. When unsuspecting EBT cardholders swipe their cards in Point of Service machines, their card number and PIN was then cloned and used to drain funds from their account from any state. Victims would file police reports with their local police department only to be told that the department would not investigate the crime. Families with young children, seniors and individuals with disabilities were left feeling violated and struggling to make ends meet. Their trauma was compounded further by the previous Administration’s cruel policy decision to not replace these stolen benefits. However, as a result of this Committee’s dedication to bring justice and equity to theft victims, Maryland became the first state in the country to provide the right to reimbursement for stolen food and cash assistance benefits, and DHS has reimbursed more than \$18 million to over 30,000 households.

The Public Justice Center is a 501(c)(3) charitable organization and as such does not endorse or oppose any political party or candidate for elected office.

The Prevent Electronic Benefits Theft Act reimburses food and cash assistance benefits like, SNAP, TCA and TDAP which are entitlement programs. HB 1434, if passed, would undo the tremendous progress that Maryland has made in ensuring that Marylanders can feed themselves and their families, keep the lights on, and pay for other basic necessities after their benefits are stolen. By conditioning the right to reimbursement on whether DHS has funds available, HB 1434 would essentially strip the right to reimbursement for benefits to which the recipients are entitled by law, putting Marylanders living in poverty back in the same position they were in under the previous administration. Further, by placing a deadline on the right to seek reimbursement, HB 1434 would create an unintentional race to reimbursement for theft victims. Given DHS' lack of direct community outreach and education on the new law, we anticipate that many theft victims may never receive reimbursement for their stolen benefits.

DHS did not fully implement the Prevent EBT Theft Act until February 2024, denying eligible households the right to full reimbursement as well as benefits pending their administrative appeal.

Maryland has the strongest reimbursement law in the country as a result of DHS and advocates working together to put forward a consensus bill. However, there were early implementation challenges that resulted in wrongful denials of reimbursement to eligible households. In 2023, after the Prevent EBT Theft Act was signed into law, PJC represented Vanessa Fleeton, a Prince George's county resident who had nearly \$2,500 of SNAP benefits stolen from her EBT account. Though she was entitled to full reimbursement of her stolen benefits under the new law, DHS only reimbursed her \$46 (\$23 per monthly allotment) per its policy to provide no more than two reimbursements at the household's current monthly allotment in a fiscal year. Additionally, DHS did not provide Ms. Fleeton with her explicit right to automatically receive her benefits in the amount stolen while she waited for her administrative hearing. Ultimately, Ms. Fleeton did not receive her full reimbursement of her stolen benefits until PJC advocated on her behalf and secured a settlement with DHS. The Baltimore Banner covered Ms. Fleeton's story and her traumatic journey towards full reimbursement.¹

Ms. Fleeton's story is not a unique experience for benefits recipients. Prior to February 2024 when DHS changed its policy, PJC and other legal services providers observed numerous instances of DHS denying reimbursement and not providing benefits pending appeal to households that were eligible.² Our office is still receiving reports from individuals who have been denied the right to benefits while they wait for their appeal hearing.

HB 1434 does not address the actual problem – the lack of security protections for EBT cards.

We haven't taken the necessary action to prevent Marylanders like Ms. Fleeton from having their benefits stolen again. Despite clear directives and guidance under the new law to prevent theft by strengthening security features for EBT cards, DHS has made minimal progress in this area. DHS rolled out an EBT card lock and unlock

¹ Brenna Smith, The Baltimore Banner, Maryland Isn't Paying Back All the Stolen SNAP Benefits It Should (December 14, 2023), <https://www.thebaltimorebanner.com/politics-power/state-government/snap-benefits-denied-department-of-human-services-DNWM5HEI5JHDLIJE52RO5WP2DM/>.

² Brenna Smith, The Baltimore Banner, Welfare Benefits Stolen? Follow This Guide to Get Your Money Back (February 8, 2024), <https://www.thebaltimorebanner.com/politics-power/state-government/maryland-department-of-human-services-welfare-benefits-stolen-X3FMLAI4QREYBJY4IEBCEAAQ4Y/#::~:~:text=The%20Maryland%20Department%20of%20Human%20Services%20will%20now,also%20to%20properly%20inform%20them%20of%20their%20rights.>

feature last year, but there is little public awareness of this feature and the new security enhancement has grave technical issues. PJC and our allies have encountered numerous community members who do not know that this feature exists as DHS has not done any direct community outreach on the security enhancement. However, benefits recipients are being locked out of their accounts when they attempt to reset their passwords, leaving them unable to use the app and defeating its purpose to protect their benefits from theft. In addition, the most critical security feature outlined under the new law - microchips for EBT cards - has still not been implemented. HB 1434 does not speak to the security issues that, if addressed and effectively implemented, would finally secure EBT cards to a level similar to that of credit and debit cards issued by banks and prevent theft. This would significantly reduce the money DHS would spend in the future on reimbursements, thus addressing their core concerns. PJC believes it is premature and bad public policy to rescind the right to reimbursement for benefits theft victims before DHS takes significant steps to prevent the theft from occurring in the first place.

For these reasons, the Public Justice Center urges the committee to issue an **UNFAVORABLE** report for **HB 1434**. If you have any questions about this testimony, please contact Ashley Woolard at 410-625-9409 ext. 224 or woolarda@publicjustice.org.

HB1434 - OPP - MD Hunger Solutions - Senate Financ

Uploaded by: Elisabet Eppes

Position: UNF



Testimony in Opposition – HB 1434
Department of Human Services - Electronic Benefits Transfer Cards -
Restoration of Benefits
March 21, 2024

Dear Chair Beidle, Vice-Chair Klausmeier, and Members of the Senate Finance Committee,

My name is Elisabet Eppes. I am Deputy Director of Maryland Hunger Solutions, a statewide, nonpartisan, nonprofit organization working to end hunger in Maryland by improving participation in the federal nutrition programs. Maryland Hunger Solutions strongly opposes HB 1434 - Department of Human Services - Electronic Benefits Transfer Cards - Restoration of Benefits. Enclosed you will find a letter of opposition with 34 signatures from organizations around the state of Maryland, demonstrating broad opposition to this bill.

This legislation would have severe impacts on the health and wellbeing of families participating in the Supplemental Nutrition Assistance Program (SNAP) as well as cash programs that have experienced theft of their benefits. Benefit theft rose dramatically in 2021 and families across the country experiencing theft were left with no recourse as reimbursement was not possible. In late 2022 and early 2023, both Congress and the Maryland General Assembly successfully enacted reimbursement plans, with Maryland's being one of the first in the country to promise a full reimbursement to households. The changes proposed to this law in HB1434 would condition that reimbursement on available state funds, effectively leading to potential denied claims when theft occurs.

The impact this would have on families is remarkable. Over the past year, we have assisted 100 households with a reimbursement claim, some of them more than once. Many have experienced theft in the \$100s and sometimes \$1,000s of dollars. When reimbursement was not an option, we heard directly from some families that they had to utilize credit cards or borrow money from family and friends in order to keep food on the table. To return to that period of time is unacceptable in the face of record high food costs and continued economic hardship for Maryland residents.

What is necessary at this time is a focus on ensuring heightened security for EBT card users. EBT cards do not have the same security features that debit and credit cards have, though steps are being taken by the Maryland Department of Human Resources and USDA. Card-locking and unlocking have been made available to EBT users in Maryland via the ConnectEBT app; however, recent survey data indicates that close to half of ConnectEBT users experience issues accessing their accounts. Many of the households we have spoken to that have experienced theft had not heard about ConnectEBT until we notified them, showing a need for more robust outreach.

The switch into EMV chips for SNAP and other benefit cards is beginning its pilot stages in California, and Maryland should immediately follow suit. Other states have also implemented an option to lock cards for out-of-state purchases, which is commonly where stolen benefits are used. When this theft occurs, benefits are being taken away from families that need it and usually removing money from the state economy.

Maryland Hunger Solutions and other advocates worked closely with legislators and the Department of Human Services last year to create and pass this law. We continued working with the Department on pilot testing and tweaking the incredibly successful and efficient reimbursement claims process. We hope to have the continued opportunity in the coming months to find a solution that maintains the ability to make families whole.

In conclusion, we urge opposition on HB 1434. Thank you for your time.

Sign on Letter for Senate Committees 3_21_24.pdf

Uploaded by: Elisabet Eppes

Position: UNF

Sent via Email

March 21, 2024

Senate Finance Committee
3 East
Miller Senate Office Building
Annapolis, Maryland 21401

Senate Budget and Taxation Committee
3 West
Miller Senate Office Building
Annapolis, Maryland 21401

Re: Advocates Request an Unfavorable Report on House Bill 1434

Dear Chair Beidle, Chair Guzzone, Members of Finance and Budget and Taxation Committees:

We, the undersigned organizations, are writing to express our strong opposition to HB1434. Thanks to the unanimous passage by the Senate of SB 2 last year, current law guarantees that victims of food and cash benefits will be reimbursed whenever a theft of benefits occurs. We oppose HB1434 because it would make reimbursement of benefits “subject to the limitations of the state budget.” Under HB1434, the Department of Human Services (DHS) would not have an obligation to reimburse stolen benefits if no funds were appropriated, or if appropriated funding was exhausted.

Additionally, the Electronic Benefit Transfer (EBT) cards where benefits are deposited still lack basic security protections. Although DHS put out an RFP for a card vendor to introduce EBT cards with chip technology, DHS predicts it will take at least 18 months. It is critical that Marylanders whose benefits are stolen continue to have the protections provided under current law to receive reimbursement whenever a theft occurs.

HB1434 poses a threat to the protection of individuals and families, 44% of them being children, who rely on food and cash benefits to meet essential needs such as food and shelter. The current law has been working well: DHS has replaced over \$22 million in stolen benefits to over 33,000 households across Maryland.

We respectfully request the Senate Finance and Budget and Taxation Committees to give an **unfavorable report** on HB1434.

Sincerely,

Anne Arundel County Food Bank
A2theThird, Inc.
Baltimore Jewish Council
Camp Fire USA Patuxent Area

CASH Campaign of Maryland
Catholic Charities
Civil Advocacy Clinic at the University of Baltimore School of Law
Cheverly Community Market
Crossroads Community Food Network
Department of Planning: Food Policy and Planning Division
Extend-A-HAND
Gaithersburg HELP
Health Care for the Homeless
Homeless Persons Representation Project
ImpactHumanity Inc.
In My Father's House Food Pantry
League of Women Voters of Maryland
Marylanders Against Poverty (MAP)
Maryland Center on Economic Policy
Maryland Hunger Solutions
Maryland Legal Aid
Maryland Latinos Unidos
Maryland Nonprofits
Maryland Rise
Mel 'n Nem Farms
Mid-County United Ministries
Prince George's County Food Equity Council
Public Justice Center
Rolling Terrace Elementary School
SecureFOOD, Inc.
SEED, Inc
STRIB'ble District LLC ®
Takoma Park Silver Spring Co-op
The Garden International

Testimony2 HB1434 Young, Erika.pdf

Uploaded by: Erika Young

Position: UNF

HB1434 Testimony
Erika Young

Greetings,

I am Erika Whitney Young, Baltimore City resident and community liaison with NewERA Baltimore. I'm speaking in opposition of HB1434, which would take away the right of Marylanders to receive reimbursement of food and cash benefits when a theft occurs and deny valid claims for reimbursement if funding is not available.

It's important that we are mindful and empathetic to the many hardships that put people in a position where they need cash and food benefits. Years ago I was homeless with two small children, escaping a violent marriage. Though I was working, I needed extra help. With the cash allotment, I was able to secure housing, pay my bills, purchase necessities and prepare healthy meals for my children. It created a pathway for financial independence and stability for my family.

But I am concerned that many customers, especially Baltimore City Department of Social Services users are not aware of the reimbursement. I witnessed a clip that played inside all Baltimore City DSS offices that suggested that people experiencing benefit theft notify the police, request a new card and create a stronger passcode. This played from 2022, until it was taken down earlier this year.

There are families, unjustly suffering at no fault of their own. A lapse in benefits could set off a chain of events that cause a family to fall behind in their obligations. It may place a family into the same circumstance they were striving to overcome such as debt, homelessness and job loss. Please vote against HB1434 and help families thrive.

Written Testimony on HB 1434 before the Senate F

Uploaded by: Gloria Brown

Position: UNF



**MARYLAND
LEGAL AID**

*Advancing
Human Rights and
Justice for All*

HB 1434

Department of Human Services – Electronic Benefit Transfer Cards – Restoration of Benefits Before the Senate Finance Committee

Hearing on March 21, 2024

Position: Unfavorable

Maryland Legal Aid submits its written and oral testimony opposing the changes proposed in HB 1434. We thank the bill sponsor, Delegate Robbyn Lewis, for this opportunity to testify.

Maryland Legal Aid (MLA) provides free legal services to the State’s low-income and vulnerable residents. Each year we assist thousands of Maryland residents who rely on Supplemental Nutrition Assistance Program (SNAP), Temporary Disability Assistance Program (TDAP) and Temporary Cash Assistance (TCA) benefits. These benefits provide a safety net to impoverished Marylanders.

In 2023 Maryland became the first state in the U.S. to create a plan to combat SNAP theft, providing even greater protections than those mandated by the federal government. HB 1434 would make the replacement of benefits contingent on budgeting constraints. Though the governor reportedly will request funding to protect the citizenry, the request may be cut either this year or next, leaving many in the situation faced in 2022. At that time, there was no allowance provided for benefits stolen by EBT-skimming.

Recipients of these benefits are generally the disabled, members of low-income households, the elderly, and children. For example, the USDA reported in 2020 that 34% of the Maryland SNAP households included children, 32% listed elderly people as household members, 32% listed non-elderly disabled people as household members, and only 17% contained healthy, non-elderly, adult members.¹ These vulnerable individuals rely on the safety net to maintain housing and food for themselves and their families. Sadly, the Department reports that at least \$22 million has been stolen in these safety net benefits from Marylanders over the past few years.

Maryland has minimal security measures in place to prevent benefit theft. MLA clients have reported that within minutes of having used their card to make purchases at local stores, benefits were stolen via a purchase made in a non-contiguous state. When we compare such benefit theft to similar activity on bank debit or credit cards, the difference in protections for fraudulent activity in banking versus public benefits is stark. In the banking industry, such patently fraudulent activity would result in immediate screening and alerts to their customers, yet Maryland has no system set-

¹ See USDA, Food and Nutrition Service, U.S. Department of Agriculture, “Demographic characteristics” <https://www.fns.usda.gov/SNAP-State-characteristics/2020>

up to block out-of-state card usage, for example. Yes, Marylanders can receive text messages identifying card usage after it occurs if they have a phone with texting ability, but there is nothing that allows for suspicious activity to be blocked at the time of the illegal purchase. In sum, Maryland recipients of SNAP and cash assistance receive no “two-way fraud alert,” with an option to either allow or block the attempted purchase.

Additionally, existing EBT cards do not have CHIP technology, further placing the benefits at enhanced risk of theft.² The private debit and banking industry routinely issue CHIP cards to customers, and the Consolidated Appropriations Act includes a directive that EBT security protections shall evolve to match the protections afforded debit and credit card users.³ Though the state intends to observe California’s roll-out of chip-equipped EBT cards next month, DHS contemplates a window of 18 months before Maryland will have full security measures in place.⁴ We urge Maryland to add protections to the existing law, not remove them.

Maryland needs to focus on theft prevention, rather than allow eligible recipients to suffer benefit loss at the hands of thieves. Theft prevention alone could save both Maryland and the victims of EBT theft millions of dollars.⁵

If HB 1434 is enacted, and we reverse direction, the most vulnerable Marylanders could experience hunger and homelessness, with no opportunity for immediate recompense except for possible litigation either individually or as a class to seek redress for any state negligence issues. Please do not enact HB 1434.

If you have questions please contact Gloria Brown, Esq., Staff Attorney, gvbrown@mdlab.org, or 410- 951-7729.

² “Senator urges USDA to require updated technology for SNAP cards,” <https://www.nbcnews.com/news/us-news/skimming-rise-senator-urges-usda-require-updated-technology-snap-cards-rcna74908>; See also <https://keyt.com/news/california/2023/11/10/california-launches-new-ebt-card-protection-app/>

³ The protections of the Electronic Funds Transfer Act (EFTA), 15 U.S.C. §§1696 et seq., which generally protect holders of electronic debit cards, do not apply to the holders of EBT cards, and have not protected the EBT-card holder since 1996. Since Congress amended EFTA in 1997, with the directive to enact regulations regarding the replacement of SNAP benefits and to afford the EBT-theft victims the same protections afforded those who receive paper checks, no new laws issued until 2023. The 2023 law required benefit reimbursement for stolen funds but spawned no EFTA-type measures to protect against theft. Specifically, via the Consolidated Appropriations Act of 2023, Title IV, §501, Congress has directed that funds appropriated under The Food and Nutrition Act of 2008 shall be used to require states to replace benefits that have been stolen through card skimming and card cloning. The law was intended to be a stopgap until permanent laws and regulations could be enacted. In this regard, the proposed changes appear premature since Congress will likely act to extend its protections and intensify its efforts to bring states into compliance. 33 <https://www.marylandmatters.org/2023/03/04/maryland-is-the-first-state-in-the-country-with-a-plan-to-replace-stolen-snap-benefits/>

⁴ See DHS written testimony regarding HB 1434.

⁵ <https://www.newsday.com/long-island/crime/electronic-benefits-transfer-cards-scammers-p8mmf53a>

12-08-23_CALIFORNIA_redacted.pdf

Uploaded by: Gregory Davis

Position: UNF

Entry	Settlement	Type	Response	Program	Client ID	Card Nbr	Amount	PostBal
12/08/2023 15:36:00	12/09/2023	FOOD STAMP PURCHASE	Approved/Success	FS	[REDACTED]	[REDACTED]	\$152.91	\$1.67

Processor Related

Processor ID:	Name:	FI Code	CA Code	CertNbr	Term Id	Pan Entry	Pin Entry	Ret Ref Nbr
1112515	IOP	0	5730302	0656742	30302001	Magnetic stripe	PIN entry capability	334200037036

Location Related

Location Name:	Address:	City:	State & Country:
PALMS MARKETPLACE INC	6631 LAUREL CANYON B	NORTH HOLLYWO	CA US

Voucher Related

Not Applicable

User Related

Not Applicable

File Related

Not Applicable

Authorization Usage

Authorization #	Amount
[REDACTED]	\$2.58
[REDACTED]	\$150.33

Comment



2-12-24 AR redacted.pdf

Uploaded by: Gregory Davis

Position: UNF

Entry	Settlement	Type	Response	Program	Client ID	Card Nbr	Amount	PostBal
02/12/2024 13:44:55	02/13/2024	FOOD STAMP PURCHASE	Approved/Success	FS	[REDACTED]	[REDACTED]	\$303.97	\$0.03

Processor Related

Processor ID:	Name:	FI Code	CA Code	CertNbr	Term Id	Pan Entry	Pin Entry	Ret Ref Nbr
4600058	ACCULYNK	36331440	RCTST0000044146	0661489	36331475	Manual entry	PIN entry capability	000443436121

Location Related

Location Name:	Address:	City:	State & Country:
EBTWM	702 SW 8th St	Bentonville	AR US

Voucher Related

Not Applicable

User Related

Not Applicable

File Related

Not Applicable

Authorization Usage

Authorization #	Amount
[REDACTED]	\$303.97

Comment



Senate_HB1434 Written Testimony Greg Davis.pdf

Uploaded by: Gregory Davis

Position: UNF

Testimony in Opposition of HB 1434

Department of Human Services - Electronic Benefits Transfer Cards – Restoration of Benefits
Hearing of Senate Finance and Senate Budget & Taxation Committees, March 21, 2024

My name is Gregory Davis, and I am a Baltimore City resident. I am writing to oppose House Bill 1434, which would take away the right of Marylanders to receive reimbursement of stolen food and cash benefits when theft occurs.

I had my benefits stolen from another state even though I had my card with me. We need some type of security because people now know how to steal benefits online. It's not our fault that people steal our benefits, so we should be able to get reimbursement for that.

A lot of us have children, like myself. I have two children. Parents who are on public benefits are on a tight budget. We rely on the SNAP program to live. When those benefits are stolen, what are we going to do to get food?

Those that don't have food to eat or survive and get their benefits stolen experience emotional breakdowns.

I'm showing you my transaction history once I asked DSS for it. My benefits were stolen in California and Arizona.

Senate_HB1434_Joy_Unfavorable.pdf

Uploaded by: Joy Baltimore Resident

Position: UNF

Testimony in Opposition of HB 1434

Department of Human Services - Electronic Benefits Transfer Cards – Restoration of Benefits
Hearing of Senate Finance and Senate Budget & Taxation Committees, March 21, 2024

Hello, my name is Joy, I have been a recipient for EBT for a couple years. I am currently a single mom and have a 7-year-old son. I'm enrolled in school and work part time. I was aware of the fraud that was going on, never did I think that it would happen to me. This year, 2024 I finally got hit with the fraud that was striking many Americans. I was very discouraged waking up to not having money in my account. I immediately called the EBT customer service and found out that the full amount was taken out at 6am in the morning all the way in Chicago. While the department moved fast and received my benefits back the next day, my card was cancelled, and I had to wait two weeks to receive a new one.

During that time of waiting, I had to depend on food pantries at various churches. While they are helpful, they do not provide full nutritional meals. Sometimes they would only have bread, fruit and vegetables. I did not have transportation, so it was hard to get around to try multiple food pantries. Two weeks was a struggle to put together enough to eat.

Even though it was just my one child and I, it made me think about the other families who have multiple children, and this has happened to. It is mind boggling that the department and government officials want to stop replacing benefits for families that this has happened to. There really isn't much security that has been put in place to stop this. Even investigations that have been done as to how it happened, nothing has changed. If this continues to happen and no benefits will be replaced, it will leave many families with food insecurity.

To all department and government officials, please consider how many lives are at stake. Some people already in America don't know when their next meal will come, and this would increase the famine that is already here and a lot of other countries.

HB 1434_MD Center on Economic Policy_UNF.pdf

Uploaded by: Kali Schumitz

Position: UNF



MARCH 21, 2024

Replacing Critical Food and Income Assistance After a Theft Should Not Be Optional

Position Statement Opposing House Bill 1434

Presented to the Senate Finance and Budget and Taxation Committees

As a growing number of low-income households across the country who rely on the Supplemental Nutritional Assistance Program (SNAP) and Temporary Cash Assistance (TCA) to purchase food and other essentials began experiencing thefts of funds from their Electronic Benefit Transfer (EBT) cards, Maryland was among the first states to take action and ensure that people who experience theft can promptly have their benefits replaced. **Now, barely a year after this program was put in place, House Bill 1434 would fully undermine its success, potentially leaving families who are the victims of theft unable to afford basic expenses. The Maryland Center on Economic Policy strongly opposes HB 1434 because a program without secure funding may as well not exist.**

Thousands of families have benefitted from this program since it began, with 9,212 recipients receiving replacement cash assistance and 9,296 having stolen SNAP benefits replaced in fiscal year 2023.¹ As shared at bill hearings and in news coverage last year, families who experienced benefits theft prior to the reimbursement program were left unable to afford enough food or got behind on rent or other bills, leading to a chain of additional challenges for families who are already living on the margins.

SB 2 of 2023 established the benefits replacement program and required that the state must promptly replace stolen benefits, regardless of the amount of funds appropriated for the program. This structure is similar to other state programs linked to federal entitlement programs, such as the supplemental SNAP benefits for seniors 62 and older. **HB 1434, even as amended, would make benefit replacement subject to available funding.** The bill does not mandate any minimum appropriation, setting up a scenario in which some families could get reimbursement and others can't.

While we recognize the state is facing fiscal challenges, it is both unnecessary and unproductive to make cuts at this time. **The best way to reduce the cost of this program is to prevent theft from happening in the first place.** As such, the 2023 legislation also included language requiring the Department of Human Services to implement new security measures for EBT cards. The Department has recently rolled out a new card lock/unlock feature and education efforts to build awareness of this feature are ongoing. There are also additional security measures being implemented in other states, such as using chipped cards, which Maryland could pursue in the future.

Further, the proposed FY 2025 budget included \$27.9 million for benefits replacement. DLS analysis states that this would be more than enough to replace stolen benefits, even if thefts continue at a similar pace as FY 2023 and 2024, so the Senate version of the budget reduced the amount of funds appropriated to the program by \$7.5 million. Under current law, benefits would still be replaced even if thefts occur at a higher than expected rate and could be funded through a deficiency appropriation, as was done for the FY 2024 budget. Passing HB 1434 would now place that risk on low-income Marylanders, rather than the state.

Marylanders whose benefits are stolen should be able to count on having those essential funds restored whether their benefits are stolen at the beginning of a state fiscal year or towards the end. HB 1434 would also put the program's future in question. While the current administration is very supportive of the program and committed to funding it, that may not be the case under a different administration in the future. As is the case with other safety net programs in the state, there are procedures in place to make budget adjustments if the need for benefits replacement exceeds the budgeted amount.

As was the case when the General Assembly passed SB 2 last year, low-income Marylanders who rely on SNAP and TCA benefits to afford food, housing, utilities, and other basic needs cannot afford to lose those benefits to criminals and then have no recourse when they seek reimbursement from the state. These funds are meant to help struggling individuals and families meet some of their basic needs. Making sure they are secure not only benefits them but the state as well.

For these reasons, the Maryland Center on Economic Policy respectfully requests that the Finance and Budget and Taxation Committees make an unfavorable report on House Bill 1434.

Equity Impact Analysis: House Bill 1434

Bill summary

House Bill 1434 as it passed the House would amend a statute passed as part of HB 502/SB 2 of 2023. Currently the statute states the Department of Human Services "automatically shall" restore benefits. HB 1434 subjects benefit restoration to the limits of the state budget and available appropriated funds.

Background

Starting in 2022, an increasing number of Marylanders who receive SNAP and TCA benefits began reporting that funds were being stolen from the EBT cards. Between January and November 2022, there were 1,413 reported incidents of EBT card fraud, a more than 900% surge from just 137 incidents in 2021.² The theft cost more than a million dollars in losses last year, a significant increase from just \$92,000 in 2021. Before this program was in place, under the prior administration, victims who reported the theft of their benefits to DHS were told they cannot be reimbursed.³

In March 2023, the Department of Human Services began a program to restore some stolen benefits. SB 2 of 2023 built on that to create an entitlement to prompt benefits restoration. The bill also included language requiring the Department to improve security measures for EBT cards to reduce the frequency of thefts.

Equity Implications

- Due to a broad range of past and historic barriers to opportunity, Black and Latinx households are far more likely than white households to earn poverty-level wages and are therefore more likely to qualify for safety net benefits. While state and federal safety net benefits serve a larger number of white households than households in any other racial or ethnic group, they serve a larger proportion of people of color.
- Social safety net programs also have a disproportionate positive impact in reducing poverty rates among households of color.⁴

Impact

House Bill 1434 would likely **worsen racial and economic equity** in Maryland.

¹ Analysis of the FY 2025 Maryland Executive Budget: Family Investment Administration, Maryland Department of Legislative Services, 2024. <https://mgaleg.maryland.gov/pubs/budgetfiscal/2025fy-budget-docs-operating-NOO100-DHS-Family-Investment.pdf>

² Torres, M. (2022, November 18). Maryland families feel hopeless after SNAP, cash assistance fraud. *WUSA9*. <https://www.wusa9.com/article/news/investigations/maryland-families-struggle-and-want-money-reimbursed-after-ebt-fraud/65-84e334bf-e32e-4467-adda-b4382585803f>

³ Steven Ruggles, Sarah Flood, Ronald Goeken, Megan Schouweiler and Matthew Sobek. IPUMS USA: Version 12.0 [dataset]. Minneapolis, MN: IPUMS, analysis from 2021 American Community Survey, Public Use Microdata Sample (PUMS)

⁴ Danilo Tirisi and Matt Saenz “Economic Security Programs Reduce Overall Poverty, Racial and Ethnic Inequities,” Center on Budget and Policy Priorities, Jul. 1, 2021. <https://www.cbpp.org/research/poverty-and-inequality/economic-security-programs-reduce-overall-poverty-racial-and-ethnic>

MD Rise - HB 1434 Cx Fin - EBT Restoration of Bene

Uploaded by: Lisa Kligenmaier

Position: UNF



**Testimony in Opposition of House Bill 1434
Department of Human Services – Electronic Benefit Transfer Cards – Restoration of
Benefits**

Senate Finance Committee

March 21, 2024

Maryland Rise opposes HB 1434, which makes reimbursement of public benefits stolen off an Electronic Benefit Transfer (EBT) card subject to the limitations of the state budget, opening the door to discretionary appropriations to the program and where Marylanders will be delayed or denied in their benefit restoration if the budget for such reimbursement has ran out.

Maryland took decisive, powerful action last legislative session by passing the Prevent Electronic Benefits Theft Act of 2023, guaranteeing that individuals who have had their public benefits stolen will have their benefits replaced. We thank and applaud the work of the Administration, General Assembly, and stakeholders who came together last year to champion the Prevent Electronic Benefits Theft Act of 2023, which created a mandate: if a Marylander loses their public benefits due to theft, our State will make the family the whole. Social safety-net programs that are loaded onto EBT cards – like Supplemental Nutrition Assistance Program (SNAP), Temporary Cash Assistance (TCA), and Temporary Disability Assistance Program (TDAP) – are entitlement programs that provide vital resources to low-income individuals and families. Subsequently, when these funds are stolen through acts of theft, replacing the benefits must also be entitled to the victims.

When low-income families have had their public benefits stolen off their EBT cards, it is imperative the State immediately replace benefits. Just like dollars are quickly replaced when individuals have their credit card number stolen, we must rapidly replace benefits for low-income families when their entire monthly income has been stolen. Individuals on public benefits live far below the federal poverty line, so if a household's benefits are stolen without replacement, it's catastrophic. Without replacement, families are forced to survive the remainder of the month without food and income.

Reimbursement of stolen benefits should not be left open to the shifting winds of politics: guaranteeing the replacement of EBT benefits is a critically important policy decision that should be maintained in statute. By adding language into the statute that replacing benefits are "subject to the limitations of the State budget" and are "as provided for by an appropriation for purposes of electronic benefit theft restoration" – without a corresponding minimum appropriation in statute – means that this program can be minimized and zeroed out at any time by any future administration. Moving benefit theft restoration to a discretionary spending category without a dedicated appropriation ultimately guts the protection for low-income families who are victims of theft. Without an entitlement to benefit replacement, the state opens the door to returning to a policy posture that perpetuates the societal costs of hunger, homelessness, and poverty.



HB 1434 is unnecessary during this legislative session, as it's a solution to a problem that may not come to fruition. While there might be storm clouds looming over DC and an uncertainty if the federal government will continue to provide federal funding for SNAP fraud reimbursement, nothing is for certain. Changing the underlying functionality of this vital entitlement is not necessary at this moment in time: if the worst-case scenario happens and Maryland receives zero federal dollars for theft replacement in the future, we'd be eager to work together with the General Assembly and Administration to identify funding for this program that could be proposed for the 2025 Legislative Session.

Maryland shouldn't shift any fiscal uncertainty it faces to its poorest residents – making their ability to secure basic needs more uncertain. The majority of safety-net programs are mandated spending categories that the state annually budgets funding for based on case-load projections: reimbursement of these same safety-net programs should not be treated differently. Looking for cost-savings in a program that replaces stolen income so that low-income families can maintain their nutrition and housing should not be a solution to budgetary challenges.

We remain committed to working with the Administration, General Assembly, and stakeholders to reduce the likelihood of future theft through improvements to the EBT card and system processes. We are also happy to participate in any task force that focuses on ensuring all Marylanders who are victims of theft can feel secure knowing their benefits will be replaced. We cannot, however, support any legislation that contains provisions that leave the restoration of benefits up to a discretionary appropriation that is not mandated in statute.

Maryland Rise appreciates your consideration and urges the committee to issue an unfavorable report on HB 1434.

Submitted by: Lisa Klingenmaier, Executive Director

Maryland Rise works to promote economic opportunity for all Marylanders.

03.20 (Crossover) - HB 1434 -Department of Human S

Uploaded by: Lonia Muckle

Position: UNF



HB 1434 - Department of Human Services - Electronic Benefits Transfer Cards - Restoration of Benefits
Finance Committee
March 21, 2024
OPPOSE

Chair Beidle, Vice-Chair Klausmeier and members of the committee, thank you for the opportunity to submit testimony in respectful opposition to House Bill 1434. HB 1434 would change Marylander's right to receive reimbursement from EBT theft.

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program 'VITA', offering free financial education and coaching, and engaging in policy research and advocacy. **Almost 4,000 of CASH's tax preparation clients earn less than \$10,000 annually. More than half earn less than \$20,000.**

In 2023, advocates, the Moore-Miller administration, and legislators worked together to pass [HB 502/SB 2](#) to address the rising amounts of EBT theft. This legislation was a collaboration between stakeholders that resulted in DHS reimbursing millions of stolen funds to Maryland families.

EBT thefts are still a nationwide concern and many states, including Maryland, are implementing measure to lessen the security risk. EBT recipients' information is stolen like how debit and credit card information is stolen- through skimming devices placed on ATMs or card-swiping machines. Certain security measures that are specific to "skimming", like having chip cards, have not been implemented yet. This means that Marylanders are still at risk of having their financial assistance funds stolen.

CASH appreciates Delegate Lewis's dedication to meet with advocates and understand our concerns. She has been willing to have many conversations, and we know she is committed to finding the best solution. We believe that an unfavorable report will give us more time to work with Delegate Lewis over the interim and have a strong solution that protects Marylanders.

CASH hosted monthly DHS meetings in 2023 where advocates had a chance to connect with leadership in DHS. This partnership resulted in many issues and concerns that advocates and our clients face being address. These meetings showed a strong commitment from DHS to work with advocates to make the system better for everyone. We believe that we can continue our work with DHS over the interim to find a solution that does not weaken Marylander's right to reimbursement.

Thus, we strongly urge an unfavorable report for HB 1434, so stakeholders can continue to meet to discuss a strong pathway forward.

Creating Assets, Savings and Hope

HB1434 CC Twanmoh OPP-Finance Co.pdf

Uploaded by: Madelin Martinez

Position: UNF

HB 1434**Department of Human Services - Electronic Benefits Transfer Cards - Restoration of Benefits**

Finance Committee

March 21, 2024

Oppose

Catholic Charities of Baltimore opposes HB1434, which would effectively eliminate SNAP benefits for families whose benefits are stolen due to EBT skimming and cloning in the absence of sufficient funds being appropriated in any given fiscal year, and would jeopardize children's and families' access to food, a situation that no Marylander, in this day and age, should have to face.

For over a century, Catholic Charities has provided care and services to improve the lives of Marylanders in need. We accompany and advocate on behalf of Marylanders as they age with dignity, support their pursuit of employment and career advancement, heal from trauma and addiction, achieve economic independence, prepare for educational success, and welcome immigrant neighbors into Maryland communities.

We continue to be alarmed to hear from folks we work with who have had their benefits - SNAP, TCA, and TDAP – stolen due to EBT skimming and cloning. The low-income Marylanders on these programs use their benefits to meet their families' basic needs, and we strongly urge DHS and the State to work with advocacy groups to find effective solutions to the problem of EBT card theft, to reduce the amount of funds needed for reimbursement due to stolen benefits. Just like dollars are quickly replaced when folks have their credit card number stolen, we must rapidly replace benefits for low-income families when their monthly income has been stolen. Without replacement, families are forced to survive the remainder of the month without adequate food and income. Reimbursement of those funds cannot be optional or discretionary, as people's lives depend upon having ready access to food and nutrition.

We know that there are significant budgetary challenges this year, and we expect there will be such challenges in the future. But the solution to this problem is not to deny people benefits that they qualify for and use to survive, or have reimbursement dependent upon adequate guesswork in determining the amount to appropriate in any given year. Rather, we must work together to find solutions to the theft problem, and recognize our obligation to help our neighbors in need, by finding ways to ensure access to food and other basic necessities. **We would support the amendments proposed by the Public Justice Center, including the creation of a workgroup, while striking the bill language in its entirety and leaving the current law in place that requires replacement of stolen benefits.**

We share the frustration and sorrow of the families we work with who are struggling to secure and maintain benefits, and we stand committed to continue working together with the Department and other SNAP partners to create a state where any Marylander who needs safety-net assistance can access benefits in a dignified, expedient, and supportive manner.

Accordingly, we oppose HB 1434 and urge an unfavorable report.

Submitted by Val Twanmoh, Senior Advisor for Advocacy and Policy

HB1424_OPPOSE_MAP.pdf

Uploaded by: Mark Huffman

Position: UNF



TESTIMONY IN OPPOSITION TO HB 1434

Department of Human Services – Electronic Benefits Transfer Cards-
Restoration of Benefits

Senate Finance Committee
March 21, 2024

Position: OPPOSE

Submitted by Mark Huffman, Co-Chair

Member Agencies:

211 Maryland

Anne Arundel County Food Bank

Baltimore Jewish Council

Behavioral Health System Baltimore

CASH Campaign of Maryland

Energy Advocates

Episcopal Diocese of Maryland

Family League of Baltimore

Fuel Fund of Maryland

Job Opportunities Task Force

Laurel Advocacy & Referral Services,
Inc.

League of Women Voters of Maryland

Loyola University Maryland

Maryland Center on Economic Policy

Maryland Community Action
Partnership

Maryland Family Network

Maryland Food Bank

Maryland Hunger Solutions

Paul's Place

St. Vincent de Paul of Baltimore

Welfare Advocates

Marylanders Against Poverty

Kali Schumitz, Co-Chair

P: 410-412- 9105 ext 701

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Mark Huffman, Co-Chair

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Marylanders Against Poverty (MAP) strongly opposes HB 1434, which would reverse a key component of a law MAP supported in 2023 that currently ensures people whose food or cash assistance is stolen can quickly have their much-needed benefits restored.

Thanks to strong collaboration between the Department of Human Services, the legislature, and nonprofits, thousands of Marylanders who have been the victims of “card skimming” thefts of benefits from their EBT cards have been able to have their funds restored. This program is working as intended and we see no reason to make changes to it at this time.

HB 1434 would potentially create a situation where some families who are victims of EBT theft can have their benefits restored and some cannot, depending on when they experience theft and whether DHS still has funds available. Families who are eligible for SNAP and Temporary Cash Assistance are barely getting by, and losing those funds to theft means they may go hungry or miss a rent or other essential payment that results in additional consequences.

MAP believes the best way to protect families and ensure the state can maintain its financial obligations is to continue to increase the security of EBT cards, which will help prevent thefts from happening in the first place. DHS has only recently begun to roll out and publicize new security features. We urge the committee to allow time for these solutions to work, rather than create a situation in which theft victims could be left to go without food or other essentials.

We respectfully request the Committee to make an unfavorable report on HB 1434.

Marylanders Against Poverty (MAP) is a coalition of service providers, faith communities, and advocacy organizations advancing statewide public policies and programs necessary to alleviate the burdens faced by Marylanders living in or near poverty, and to address the underlying systemic causes of poverty.

HPRP_Unfavorable HB1434_Senate.pdf

Uploaded by: Michelle Madaio

Position: UNF



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Testimony in Opposition of HB 1434 Department of Human Services – Electronic Benefits Transfer Cards – Restoration of Benefits Senate Finance and Budget and Taxation Committees, March 21, 2024

HPRP is a non-profit civil legal aid organization that provides free legal services to Marylanders who are experiencing homeless or at risk of homelessness on issues that create barriers to housing and economic stability. HPRP provides free legal services through offices serving Baltimore City, Montgomery County, and Prince George’s County, and advocates for policies that will prevent and end homelessness statewide. HPRP’s Economic Justice Program represents individuals and families who receive Supplemental Nutrition Assistance Program (SNAP), Temporary Cash Assistance (TCA) and Temporary Disability Assistance Program (TDAP) in administrative appeals and advocacy. Many of HPRP’s clients have experienced theft of benefits from the Electronic Benefits Transfer (EBT) card through no fault of their own.

HPRP opposes HB 1434 because it would remove the statutory obligation of the Department of Human Services (DHS) to reimburse stolen benefits if appropriated funds are exhausted mid-year or if nothing is appropriated. We thank the Senate for unanimously passing SB2 last year, the Prevent Electronic Benefits Theft Act of 2023, which guarantees reimbursement of stolen food and cash benefits when a theft occurs.¹ HB1434 would add language to current law to make reimbursement, “subject to the limitations of the state budget” and without requiring a minimum annual required appropriation. Under HB1434, if an annual appropriation proves inadequate to cover reimbursement needs for the entire fiscal year, a low-income family whose benefits are stolen would not receive reimbursement. While we appreciate that the current Administration has been proactive in replacing stolen benefits, HB1434 would allow a future administration to appropriate no funds for reimbursement and victims of theft would be denied reimbursement claims and left with no food or income for the month. Prior to the passage of the Prevent Electronic Benefits Theft Act of 2023, HPRP worked with countless victims of theft who faced eviction, utility shut off, and hunger when their benefits were stolen and not replaced.

Current law is working well to make victims of theft whole and should not be changed.

Although the FY24 budget included \$8.1 million for reimbursement of stolen benefits, DHS has reimbursed over \$22 million in stolen benefits to over 33,000 households due to the statutory obligation to reimburse victims of theft.² Reimbursement of stolen benefits must remain a statutory entitlement under Maryland law: if DHS issues benefits to an EBT card but benefits are intercepted and stolen by an unauthorized third party before the eligible household can spend them, then DHS must replace the benefit in the amount stolen.³ Programs like SNAP, TCA, and TDAP

¹ MD Code, Human Services, § 5-609(b)(2)(ii).

² Data from DHS on reimbursement in Maryland as of March 1, 2024.

³ The statutory entitlement to reimbursement operates similar to other state funded safety net programs, for example TDAP and the state SNAP supplement for adults 62 and older. See e.g. SNAP supplement for adults 62 and older at MD Code, Human Services, § 5-501(d); see also TDAP at MD Code, Human Services, § 5-5B-03 (“...an applicant is entitled to assistance under this subtitle...”).

are entitlement programs. For all recipients who meet the eligibility criteria, “benefits are a matter of statutory entitlement” and not simply a “privilege” or a “right.”⁴ Replacing stolen benefits reduces childhood poverty: 44% of victims of benefit theft in Maryland are children.⁵ The law is working well to make victims of theft whole quickly after theft occurs, minimizing the harm caused by benefit theft.

Maryland must address the root cause of theft by strengthening the security of EBT cards.

To date, the EBT cards in Maryland still lack the smart chip technology that would render the card “much more difficult and expensive...to clone.”⁶ EBT cardholders do not have the same protections when theft occurs as compared to people whose money is on a bank debit or credit card. The magnetic strip on the EBT card, without the microchip technology, make it an inferior financial product and more vulnerable to theft. DHS has not implemented many of the specific security enhancements included in the uncodified language of the Prevent Electronic Benefits Theft Act of 2023, such as: “the inclusion of an embedded microchip in all Electronic Benefits Transfer cards issued on or after October 1, 2023,” limiting transactions during certain hours or prohibiting out-of-state transactions; and “monitoring transactions for suspicious activity by leveraging user behavior analytics of Electronic Benefits Transfer user data to detect when data is being inappropriately accessed or is compromised.”⁷ According to DHS, Maryland will not have chip technology on the EBT card before June 2025.⁸ Security enhancements, such as smart chip technology and the ability of the card holder to prevent out of state purchases, would make EBT cards less vulnerable to theft and significantly reduce the cost of reimbursement.

HPRP welcomes continued collaboration with the Department of Human Services.

HPRP appreciated the opportunity to collaborate with DHS leadership in the launching of benefit reimbursement applications, testing the pilot online application, outreach materials and implementation. We have communicated to DHS concerns over full implementation and compliance with the law.⁹ We are committed to working with DHS, General Assembly, advocates and people with lived experience of benefit theft to effectively engage in community outreach on benefit reimbursement and reducing the vulnerability of EBT cards to theft. While there is already funding for reimbursement budgeted through FY25, we are open to participating in a workgroup to identify additional funding for benefit reimbursement in the future. For example, Federal Temporary Assistance for Needy Families (TANF) funds can be used to replace stolen TCA benefits. In a memo dated March 29, 2023, the federal Office of Family Assistance stated, “We

⁴ *Goldberg v. Kelly*, 397 U.S. 254, 262 (1970).

⁵ MD Department of Human Services, “Electronic Benefits Transfer Cards – Theft of Benefits,” (12/4/23), report to General Assembly pursuant to MD Code, Human Services, § 5-609(f) at page 13. According to the report, there were 36,736 children who experienced theft of food and cash benefits between March 1, 2023 to October 31, 2023.

⁶ Brian Krebs, “How Card Skimming Disproportionately Affects Those Most in Need,” (October 18, 2022) available at <https://krebsonsecurity.com/2022/10/how-card-skimming-disproportionally-affects-those-most-in-need/>

⁷ See SB 2 from 2023 MD General Assembly; see also MD Department of Human Services, “Electronic Benefit Transfer Cards – Theft of Benefits” (December 4, 2023), report submitted to MD General Assembly pursuant to Human Services §5-609(f) at 2-3.

⁸ *Id.* at 3.

⁹ HPRP appreciates that DHS recently announced it will stop limiting and capping reimbursement based on when a theft is reported, the number of claims made, and total amount of stolen benefits, as well as the DHS commitment to review previously denied claims to determine if households are eligible for reimbursement under the law. See MD Department of Human Services, Family Investment Administration Action Transmittal #24-31, “Supplemental Information Regarding AT 23-09 Restoration of Stolen Benefits – Phase III,” (issued 2/6/24), available at <https://dhs.maryland.gov/documents/FIA/Action%20Transmittals-AT%20-%20Information%20Memo-IM/AT2024/24-31%20AT-%20PHASE%20III%20RESTORATION%20OF%20STOLEN%20BENEFITS.pdf>

¹⁰ U.S. Department of Health and Human Services, Office of Family Assistance, Office of the Administration for Children & Families, “Supporting Families Who Are Victims of EBT Theft Due to Card Skimming, Cloning, and Similar Fraudulent Methods” (3/29/23), available at <https://www.acf.hhs.gov/ofa/policy-guidance/tanf-acf-pi-2023-02>

encourage states to use non-recurrent, short-term benefits (NRSTs) to help families whose TANF benefits have been stolen by fraudulent means.”¹⁰ According to the Department of Legislative Services Analysis of the DHS FY25 Budget Overview, at the close of FY23, Maryland had \$47.2 million in unspent TANF funds and by the end of FY25, there is expected to be \$35.9 million.¹¹ Maryland could use the TANF surplus to cover reimbursement of stolen TCA if it needed to in the future.

HPRP strongly urges the Committee to issue an unfavorable report on HB 1434. If you have any questions, please contact Michelle Madaio (she/her), Director – Economic Justice at (410) 716-0521 or mmadaio@hprplaw.org.

¹⁰ U.S. Department of Health and Human Services, Office of Family Assistance, Office of the Administration for Children & Families, “Supporting Families Who Are Victims of EBT Theft Due to Card Skimming, Cloning, and Similar Fraudulent Methods” (3/29/23), available at <https://www.acf.hhs.gov/ofa/policy-guidance/tanf-acf-pi-2023-02>

¹¹ Department of Legislative Services, Department of Human Services Fiscal 2025 Budget Overview, (January 2024), Exhibit 5, page 20, “Availability of TANF Funding,” available at <https://mgaleg.maryland.gov/pubs/budgetfiscal/2025fy-budget-docs-operating-N00-DHS-Overview.pdf>

Tyson_HB1434_unfavorable.pdf

Uploaded by: Tyson Baltimore

Position: UNF

Testimony in Opposition of HB 1434

Department of Human Services - Electronic Benefits Transfer Cards – Restoration of Benefits
Hearing of Senate Finance and Senate Budget & Taxation Committees, March 21, 2024

My name is Tyson, and I am a Baltimore resident. I am writing to oppose House Bill 1434, which would take away the right of Marylanders to receive reimbursement of stolen food and cash benefits when theft occurs if there are no funds budgeted or if available funds run out in the middle of the fiscal year.

Reimbursement is important because this is all some families have. It is people's income. People depend on this. People lose their places and have to start from the beginning and they lose things that they've accomplished.

When I got my benefits stolen, it was because I went to an ATM machine that had been tampered with across the street. I was told they can copy your pin number and card number. Someone took a copy and took all of my funds off of it. The machine took all of my information.

SWASC Testimony In Opposition of HB1434 - Cx FIN.p

Uploaded by: UM SWASC

Position: UNF

TESTIMONY IN OPPOSITION TO HOUSE BILL 1434
Department of Human Services - Electronic Benefits Transfer Cards -
Restoration of Benefits
Senate Finance Committee
March 21, 2024

Social Work Advocates for Social Change strongly opposes HB 1434, which removes the obligation that the Department of Human Services (DHS) must reimburse Marylanders whose Electronic Benefit Transfer (EBT) funds are stolen regardless of how much is specifically appropriated for that purpose. In 2023, Maryland took bold action by passing the Prevent Electronic Benefits Theft Act of 2023, requiring the Department of Human Services (DHS) to re-pay anyone with stolen EBT funds. HB 1434 would make the restoration of benefits contingent on whether funds are available in the state budget, leaving many Maryland families unable to meet their basic needs.

HB 1434 removes protections for victims of EBT fraud. The bill adds language to the statute that makes reimbursement “subject to the limitations of the State budget” and “as provided for by an appropriation for purposes of electronic benefit theft restoration.” However, HB 1434 does not add a minimum appropriation to the statute, meaning that any future Administration could eliminate reimbursement by failing to fund the program. Because of their vital importance, most safety-net programs are mandated spending categories. Reimbursement should be as well.

EBT benefits are essential to the stability of Maryland families. They provide cash assistance for critical social safety-net programs such as the Supplemental Nutrition Assistance Program (SNAP) and Temporary Cash Assistance (TCA). Families use these benefits to put food on the table and a roof over their heads. In 2022, the median income of adults receiving SNAP was less than \$20,000 per year.¹ This is not enough money for an adult to take care of their own needs, let alone those of any children in the household. As a result, when EBT benefits are stolen, families are at risk of hunger, homelessness, and financial catastrophe. Immediate and guaranteed repayment of benefits is critical. When people have their credit card stolen, they are refunded immediately. Marylanders who use EBT benefits should not be treated differently.

¹ Gagliardi, J., Hall, L. A., & Passarella, L. L. (2023, June). Maryland SNAP Households, 2022. *University of Maryland School of Social Work Public Policy Research*.
[https://www.ssw.umaryland.edu/media/ssw/fwrtg/welfare-research/supplemental-nutrition-assistance-program-snap/Maryland-SNAP-Households,-2022.pdf?&#:~:text=The%20typical%20adult%20recipient%20was,had%20never%20married%20\(66%25\).&text=Despite%20waived%20work%20requirements%2C%20three,time%2Dlimit%20was%20in%20place.](https://www.ssw.umaryland.edu/media/ssw/fwrtg/welfare-research/supplemental-nutrition-assistance-program-snap/Maryland-SNAP-Households,-2022.pdf?&#:~:text=The%20typical%20adult%20recipient%20was,had%20never%20married%20(66%25).&text=Despite%20waived%20work%20requirements%2C%20three,time%2Dlimit%20was%20in%20place.)

EBT theft is still occurring at an alarmingly high rate. In 2023, over \$18.3 million in EBT benefits were stolen from Maryland residents.² EBT theft typically occurs due to phishing scams and “skimming” of EBT account information from card-swiping machines that have been hacked.³

Maryland should continue to be a national leader in EBT benefit security. Last year’s legislation made Maryland the first state to reimburse benefits using federal funds and required the state to improve fraud security. As a result, Maryland plans to be the first state to issue EBT cards with microchips to prevent skimming.⁴ This investment in security should reduce the amount of stolen benefits that need to be reimbursed. In addition, Maryland receives federal funding for benefit reimbursement, making the cost-cutting measures in this bill unnecessary. If the state loses federal funding for reimbursement, a task force could be commissioned at that time to identify a funding source.

As a coalition, our opposition to this bill is rooted in our experiences working with individuals and families most vulnerable to financial insecurity and who benefit from social safety-net programs. We have witnessed the relief that cash assistance offers families and have seen how harmful it is when funds are stolen with no reimbursement. It is vitally important that Marylanders continue to have benefit reimbursement.

For these reasons, Social Work Advocates for Social Change urges an unfavorable report on HB 1434.

Social Work Advocates for Social Change is a coalition of MSW students at the University of Maryland School of Social Work that seeks to promote equity and justice through public policy, and to engage the communities impacted by public policy in the policymaking process.

² Smith, Brenna. (2023, December 14). Maryland isn’t paying back all the stolen SNAP benefits it should. *The Baltimore Banner*. <https://www.thebaltimorebanner.com/politics-power/state->

³ Addressing Stolen SNAP Benefits. *U.S. Department of Agriculture*.
<https://www.fns.usda.gov/snap/stolen-benefits>

⁴ Sofastaii, Mallory. (2023, October 3). *Maryland launches new security feature to combat millions in benefit theft*. <https://www.wmar2news.com/matterformallory/maryland-launches-new-security-feature-to-combat-millions-in-benefit-theft>