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

Position Statement Opposing House Bill 1434

Submitted to the House Appropriations Committee

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.

HB 502/SB 2 of 2023 established the benefits replacement program as an entitlement, meaning 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, as introduced, would remove the mandate to replace stolen funds, giving the Department of Human Services more discretion about whether to replace an individual's benefits, and make benefit replacement subject to available funding. While we understand a proposed sponsor amendment will partially address this concern, it would still subject reimbursement to having available appropriated funds and does not mandate any minimum appropriation. We still cannot support any change that would mean 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. They have 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 does include \$27.9 million for benefits replacement. DLS analysis states that this is more than enough to replace stolen benefits, even if thefts continue at a similar pace as FY 2023 and 2024.

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.

We deeply appreciate the Department's and the bill sponsor's willingness to listen to the concerns of advocates and consider amendments to the bill, and are willing to continue working to resolve these issues. **MDCEP is supportive of the amendment language included in written testimony from the Public Justice Center**, which would create a workgroup and strike language making the program contingent on available funding.

As was the case when the General Assembly passed HB 502/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 Appropriations Committee make an unfavorable report on House Bill 1434.

Equity Impact Analysis: House Bill 1434

Bill summary

House Bill 1434 as introduced 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 changes that to "may restore," subject 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. HB 502/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

- 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-No0Ioo-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>