

Electronic Benefit Transfer (EBT) Theft and Updates on Implementation of Prior Funding Investments Report to the Legislature

STATE OF CALIFORNIA
Gavin Newsom, Governor

CALIFORNIA HEALTH & HUMAN SERVICES AGENCY
Kim Johnson, Secretary

CALIFORNIA DEPARTMENT OF SOCIAL SERVICES
Jennifer Troia, Director



TABLE OF CONTENTS

LEGISLATIVE MANDATE	3
EXECUTIVE SUMMARY	4
Federal Partnership and Pursuing Parity for EBT Cardholders	4
Partnerships with Local Law Enforcement and Efforts to Combat Benefit Theft	5
State and County Readiness	5
Mass Card Replacement	6
Mass Card Replacement and Chip/Tap Transaction Data	8
Third Party Processors (TPP) Testing Status	10
Client Outreach to Safeguard Benefits	11
Additional Theft Mitigation Efforts	12
Funding Details	12
EBT Benefit Theft Replacement Data	12
Conclusion	13

LEGISLATIVE MANDATE

This Supplemental Report of the 2024-25 Budget Act is responsive to the reporting requirements established in Item 5180-001-0001.

Additional copies of this report can be obtained from:

Office of Legislation
California Department of Social Services
744 P Street, MS 9-3-070
Sacramento, CA 95814
(916) 657-2623

EXECUTIVE SUMMARY

The California Department of Social Services (CDSS), in partnership with the Office of Technology and Solutions Integration (OTSI), and Fidelity Information Services (FIS), has been working to improve the security of the Electronic Benefit Transfer (EBT) cards used to deliver cash and food benefits to clients of major safety net programs such as the California Work Opportunity and Responsibility to Kids (CalWORKs) and CalFresh (federally known as Supplemental Nutrition Assistance Program [SNAP]) programs.

Central to this effort is the deployment of new EBT cards with integrated Chip Europay, Mastercard, and Visa (EMV)/Tap technology, which will protect against skimming theft. Following the successful rollout of the 1,000 Chip/Tap cards in early 2025, mass card replacement statewide distribution began February 24, 2025.

This report provides updates for January through April 2025 on the State's implementation of mass card replacement, including county cutover to the new card printers, client outreach, retailer and financial institution readiness, current data on mass card replacement, transaction approval, and benefit theft replacements.

Federal Partnership and Pursuing Parity for EBT Cardholders

The CDSS continues to partner with the United States Department of Agriculture's Food and Nutrition Service (USDA FNS) to transition to Chip/Tap cards in California. In February 2025, the USDA FNS developed a [retailer notice](#) for distribution to SNAP authorized retailers in California and its border states. This notice announces the deployment of Chip/Tap cards in California and reminds retailers of the impacts if they are not prepared for the adoption of EBT Chip/Tap card technology. In addition, the USDA FNS revised the [SNAP EBT Modernization](#) website to include a map that provides the status of states transitioning to add Chip/Tap technology to their EBT cards. The map also highlights bordering states since, given the geographic proximity, they must also be prepared to accept EBT Chip/Tap cards.

The CDSS and USDA FNS continue engaging with industry leaders that include SNAP authorized retailers, Point of Sale (POS) equipment providers, Third Party Processors (TPP), and grocer associations for Chip/Tap readiness as more states follow California's lead in issuing EBT Chip/Tap cards to participants.

Partnerships with Local Law Enforcement and Efforts to Combat Benefit Theft

The CDSS continues to provide analytic products and services to county partners and local law enforcement agencies to improve the identification of EBT theft, analyze suspicious activity, and intervene when cards are likely to be compromised. In partnership with local and county law enforcement agencies, CDSS' efforts have contributed to the arrest of approximately 217 individuals associated with EBT skimming fraud schemes since September 2022, including:

- In January 2025, CDSS partnered with local law enforcement and county Special Investigations Units to support multiple operations across three counties (Kern, San Mateo, and Alameda). Six arrests were made, resulting in the confiscation of \$134,000 in CalWORKs cash benefits.
- In February 2025, CDSS partnered with local law enforcement, the Federal Bureau of Investigation, the United States Secret Service, and county Special Investigations Units in San Mateo, Placer, San Bernardino, Solano, Los Angeles, and Orange counties to conduct multiple operations. These partnerships resulted in 12 arrests.
- During March 2025, CDSS partnered with local law enforcement and county Special Investigations Units to support multiple operations across San Bernardino, Kern, Los Angeles, and Orange counties. These partnerships resulted in 18 arrests and the confiscation of more than 300 fake (cloned) EBT cards and over \$65,000 in CalWORKs cash benefits.

State and County Readiness

The CDSS and OTSI continue engaging and collaborating with counties and other partners on an ongoing basis. From January through April 2025, CDSS and OTSI participated in the following engagements:

- January-March 2025: The CDSS and OTSI provided Chip/Tap implementation updates at monthly county directorate meetings facilitated by the California Welfare Directors Association (CWDA).
- January 22, 2025: The CDSS participated in the annual [California National Eligibility Workers Association, Professionals Associated Through Human Services conference](#) where county leaders and partners received updates related to the Chip/Tap project.
- January 22, 2025: OTSI distributed the January EBT Card Security Effort newsletter to county partners. The newsletter included updates on the Chip/Tap Project and implementation activities relevant to County Welfare Departments.
- January 27, 2025: The CDSS participated in the quarterly Recipient Income and Eligibility Verification System meeting where county leaders and Program Integrity partners received updates related to Chip/Tap deployment.
- February 4–5, 2025: The OTSI facilitated County Re-Engagement Sessions to

provide counties with information regarding project overview, timelines, and contact information.

- February 21–24, 2025: The OTSI transitioned all 58 counties to printing Chip/Tap cards over-the-counter (OTC). Prior to the transition, counties were only able to print magstripe-only cards in the county office. This transition allows for counties to print Chip/Tap enabled cards on the spot for consumers, in addition to the mass card printing conducted by FIS. During the transition, counties completed a series of tasks such as switching out administrative equipment with new Chip/Tap enabled models.
- February 21–28, 2025: The OTSI opened hyper-care lines (i.e., customer service) to provide support to counties before and after go-live.
- March 4-5, 2025: Representatives from CDSS and OTSI attended the [EBT Community Council Conference](#). The OTSI participated on a panel titled “Chip Card Technology for Government Benefit Delivery: Enhancing Security and Accessibility” which discussed how Chip/Tap-enabled cards enhance the security of transactions, reduce fraud, and increase access to government services.
- March 5-6, 2025 and April 2-3, 2025: The CDSS participated in the monthly CalWORKs County Action Team and CalFresh Technical Subcommittee meetings where county partners received updates related to the Chip/Tap project.
- April 23-24, 2025: The OTSI facilitated Personal Identification Number (PIN)/Balance Inquiry Only (BIO) Deployment Informational Sessions to counties to provide them with information regarding PIN/BIO deployment, support, and equipment return timelines.

Mass Card Replacement

In January 2025, the State issued 1,000 Chip/Tap cards to selected cardholders¹ in Los Angeles and Yolo counties. The successful preliminary rollout provided an opportunity to monitor the card replacement experience for cardholders and to confirm that the Chip/Tap cards were performing as expected, making California the first state in the nation to complete a Chip/Tap transaction on an EBT card.

Following the preliminary rollout, CDSS and OTSI advanced the statewide implementation of Chip/Tap EBT cards. Mass card replacement and new cardholder issuances began by mail February 21, 2025, while OTC printing of replacement and new cardholder Chip/Tap cards at local County Welfare Departments (CWD) offices began February 24, 2025.

The CDSS provided Chip/Tap card replacements over four waves, beginning with

¹ Cardholder selection criteria was based on clients that did not have frequent card replacements, actively performed a transaction in the last thirty days, and primarily used their card within their zip code.

cardholders who are dually enrolled in both cash and food assistance programs:

Wave 1: Preliminary rollout to 1,000 cardholders in select geographies. This initial deployment occurred in January 2025.

Wave 2: Cardholders and Authorized Representative(s) with an existing active² CalWORKs and CalFresh case. This includes CalFresh recipients whose cases are linked with any cash benefit program, which impacts approximately 1.4 million cards. This wave occurred in February 2025.

Wave 3: Cardholders and Authorized Representative(s) with an existing active cash-only benefit case. This includes approximately 56,000 cards. This wave occurred in March 2025.

Wave 4: Cardholders and Authorized Representative(s) with an existing active food-only benefit case. This includes approximately 1.8 million cards. This wave occurred in April 2025.

To mitigate impacts to communities affected by the Los Angeles County firestorms in January, CDSS and OTSI isolated the zip codes of the fire-affected communities and delayed the mailing of these cards by three weeks. This approach provided necessary support and flexibility for those impacted by the firestorms while ensuring they receive their new EBT Chip/Tap cards without further complications.

Mass card replacement by mail spanned approximately 9 weeks. All Chip/Tap cards were mailed by April 29, 2025.

All the following public assistance programs have had their magstripe EBT cards replaced with a Chip/Tap enabled card during the mass card replacement³:

- CalWORKs
- CalFresh
- California Food Assistance Program
- General Assistance/General Relief
- Refugee Cash Assistance
- Trafficking and Crime Victim Assistance Program
- Cash Assistance Program for Immigrants

Disaster CalFresh related plans and supplies were updated in March 2025 to support the use of Chip/Tap technology during a natural disaster.

² A card is considered "Active" if it is attached to a food or cash benefit account that has conducted a transaction within the last nine months.

³ Note that current SUN Bucks cards will not be replaced with Chip/Tap cards due to the timing of the deployment. The State is exploring placing future SUN Bucks benefits onto Chip/Tap cards.

Mass Card Replacement and Chip/Tap Transaction Data

As of April 28, 2025, all EBT clients have been issued a replacement Chip/Tap enabled EBT card, either via mail or through over-the-counter printing. So far, only 2.8% of mailed cards have been undelivered or returned.

Chip/Tap Replacement Statistics

Item	Count
Mailed Chip/Tap Cards	4,115,203
County Printed Cards	310,047
Total Chip/Tap Cards – Mailed and Printed by County	4,425,250
Chip/Tap Cards – Undelivered or Returned	118,052

Chip/Tap Transactions Statistics

Approved Transactions	Food Transaction Count	Cash Transaction Count	Total Transaction	Percent of Total
Fallback⁴ to Magstripe	11,360,938	1,332,557	12,693,515	73.3%
Chip	1,751,146	548,849	2,299,995	13.3%
Tap	404,809	34,320	439,129	2.5%
Online	1,035,026	N/A	1,035,026	6.0%
Manual Entry⁵	751,535	76,158	827,693	4.8%
Total Approved Chip/Tap Transactions	15,303,454	1,991,904	17,295,358	99.9%
Chip/Tap Card Transaction Denials⁶	4,926	17,291	22,217	0.13%
Customer Feedback from the Call Center (as of April 1, 2025)⁷	658	185	843	N/A

⁴ A Chip/Tap card will “fallback” when retailers that are not ready to process a transaction through the Chip/Tap features. In such cases, the transaction is completed by swiping the card’s magnetic stripe. Not all retailers have updated their systems to support Chip/Tap functionality; however, more retailers are making the necessary upgrades each week and will be able to support these features in the coming months. As a point of reference, one year after credit cards transitioned to Chip/Tap only 30% of merchants completed the necessary system updates. EBT updates are expected to be implemented at a faster rate due to retailers already support multi-card POS terminals.

⁵ The primary reason for retailers using manual entry is due to their systems not falling back to magstripe or a retailer staff training issue. CDSS and OTSI have informed these retailers of how to make changes to their systems to accept the new Chip/Tap cards. In addition, FNS recently released guidance out to all California and bordering state retailers on [Retailer Instructions - Using EBT chip cards at check-out](#).

⁶ The primary reason for denials is due to retailer systems not falling back to magstripe appropriately. We have informed these retailers of what to do to make changes to their systems to accept the new Chip/Tap cards.

⁷ The call centers are capturing cardholder feedback which is being used to determine trends. Cardholder

Third Party Processors (TPP) Testing Status

Third Party Processors (TPP) are payment service providers that provide the software necessary for merchants to process EBT transactions through their POS terminals and manage the transaction settlement. There are three major TPPs – the New York Currency Exchange (NYCE), WorldPay, and Fiserv.

Before a merchant can accept Chip/Tap transactions, they must first update their POS terminals using code from a TPP that has been certified by the USDA FNS. The USDA FNS has successfully completed certification with the three major TPPs, allowing EBT merchants, retailers, and financial retailers to begin updating their POS devices with software code to accept Chip/Tap EBT cards.

- NYCE serves as the TPP for the majority of Automated Teller Machines (ATMs). US Bank completed the deployment of their Chip/Tap code with a target on May 14, 2025. As of April 16, 2025, Schools First Credit Union deployed the code necessary for transactions to fallback to magstripe. Chase is actively working to deploy Chip/Tap code in their ATMs. The Payment Alliance International Interchange Service Organization (PAI ISO), which manages a large network of ATMs, has begun deploying Chip/Tap code in their ATMs as well.
- WorldPay completed FNS certification in September 2024, retailers using WorldPay as their TPP can now enroll in POS updates to accept Chip/Tap transactions.
- Fiserv completed FNS certification in January 2025. Fiserv has five platforms that support EBT transactions, four of which have completed Chip/Tap production release. The remaining platform, EPOC, is actively working with FIS to test and deploy the Chip/Tap code in Spring 2025.

feedback has primarily been about the customer experience at retailers. The feedback we have received on retailers has fallen into two categories: 1) they need a code fix or 2) additional cashier training.

Client Outreach to Safeguard Benefits

To inform cardholders about the transition and how it might alter their transaction experience, CDSS launched a comprehensive outreach campaign in the weeks preceding deployment of the new Chip/Tap cards. From January through April 2025, CDSS engaged with stakeholders to prepare and support cardholders for the Chip/Tap card transition. Outreach documents are provided in threshold languages⁸ and direct client outreach has been delivered in the client's preferred language, wherever possible:

- January 8, 2025: The CDSS and OTSI provided informational flyers, known as [Pub 531](#) and [Pub 531A](#), to CWDs to display in their offices that instructs cardholders on how to use their new EBT Chip/Tap card.
- January 16, 2025: The CDSS provided [Pub 531](#) and [Pub 531A](#) to Community Based Organizations and advocates.
- January 26, 2025: The CDSS partnered with [ebtEDGE](#) and [BenefitsCal](#) to display informational banners on client-facing web portals to alert cardholders of the upcoming transition and remind cardholders to keep their address current.
- February 14–21, 2025: The CDSS partnered with BenefitsCal to conduct mass outreach in the form of text messages to encourage cardholders to ensure their mailing address is current.
- February 25, 2025: The CDSS and OTSI provided CWDs public service announcements to show in their lobbies that will inform new and existing cardholders how to activate their card, how to use their card, and safety measures for fraud prevention. Video (English): [Protect Your Benefits with the EBT Chip and Tap Card!](#) Video (Español): [¡Proteja sus beneficios con la tarjeta EBT de chip y toque!](#)
- March 2025: The CDSS revised the [EBT webpage](#) and [EBT Electronic Theft Resources webpage](#) to reflect Chip/Tap card information.
- March 2025: The CDSS launched a social media campaign to spread awareness of the new Chip/Tap card.
- April 2025: The CDSS provided county leaders and advocate partners the [EBT Chip-Tap Toolkit](#) to support communication with clients.

Clients have 180 days to activate their new cards. Beginning in May 2025, CDSS is sending targeted emails and text messages to households that have been mailed Chip/Tap cards but have not yet activated them, encouraging them to do so. If the new Chip/Tap card is not activated by the 180 days, the magstripe card becomes unusable.

⁸ “Threshold languages” include Arabic, Armenian, Cambodian, Chinese, English, Farsi, Korean, Russian, Spanish, Tagalog, and Vietnamese. CDSS is producing outreach materials in additional languages including Hindi, Hmong, Japanese, Lao, Mien, Portuguese, Punjabi, Thai, and Ukrainian.

Additional Theft Mitigation Efforts

The September 2024 Supplemental Report contained a detailed description of the policy guidance, technical improvements, and resources that have been implemented over the past two years to support EBT theft investigations and mitigation.

Funding Details

The September 2024 Supplemental Report contained funding details associated with the implementation of Chip/Tap cards. The CDSS is monitoring two federal bills, H.R. 3117 and US S. 1540, that aim to expand the federal replacement of stolen EBT benefits under the SNAP program.

EBT Benefit Theft Replacement Data⁹

The following are some of the key statistics on recent EBT benefit theft trends.

Statewide EBT Theft by Month (% change)		
Month	Total Theft Reimbursements¹⁰	# Households Reimbursed
2024-November	\$16,418,334 (+0%)	23,142 (+0%)
2024-December	\$16,160,978 (-2%)	20,778 (-10%)
2025-January	\$14,181,028 (-12%)	19,651 (-5%)
2025-February	\$11,595,634 (-18%)	15,070 (-23%)
2025-March	\$12,743,836 (+10%)	17,586 (+17%)
2025-April	\$6,712,045 (-47%)	7,117 (-60%)

⁹ Data source: EBT transaction data. Theft reimbursement totals reflect the value of theft reimbursement payment transactions made by counties to cash and food benefit clients.

¹⁰ This includes reimbursements for food and cash benefit theft. As of December 2023, funding for food reimbursements was provided through federal funds while cash benefit reimbursements were funded through the State General Fund. Federal funding for food reimbursements ended December 20, 2024, and continued funding is through the State General Fund.

Conclusion

The CDSS, in partnership with OTSI, FIS, counties, and stakeholders have been working to improve the security of EBT cards used to deliver cash and food benefits to clients of major safety net programs. This report includes key updates from efforts from January to April 2025, including the State's plan for mass replacement of EBT cards with Chip/Tap technology to improve card security.