

REVISED MOTION BY SUPERVISOR HILDA L. SOLIS

July 23, 2024

AND JANICE HAHN

Electronic Benefits Transfer (EBT) Chip Readiness: Preparing and Planning for Los Angeles County’s Transition to EBT Chip/Tap Technology

The theft of public assistance via Electronic Benefits Transfer (EBT) skimming has become a nationwide issue, with federal, state, and county government agencies taking urgent action to address the problem. In California, the Department of Social Services (CDSS) has agreed to implement chip/tap technology and boost security for residents who depend on these benefits. CDSS announced that it would issue EBT cards with chip/tap technology this summer. California will be one of the first states in the nation to transition to EBT chip/tap technology, and it is critical that Los Angeles County (County), retailers, and EBT users are prepared for when the transition goes into effect.

EBT theft in the County has continued to rise, with the dollar amount¹ of benefits

¹ These numbers don't fully capture the amount of benefit dollars that have been stolen, given that

MOTION

SOLIS	_____
MITCHELL	_____
HAHN	_____
BARGER	_____
HORVATH	_____

being reimbursed due to skimming being \$951,511 in 2021, \$22,518,031 in 2022, and \$63,089,655 in 2023. In 2024, \$20,805,481 has been reimbursed for January through April 2024.

On January 10, 2023, the Los Angeles County Board of Supervisors (Board) unanimously passed a Board motion, directing the Department of Public Social Services (DPSS), in collaboration with other appropriate County departments, to develop and implement strategies to combat illegal skimming in the County. In response, DPSS convened an EBT Fraud Task Force Workgroup consisting of the Department of Consumer and Business Affairs (DCBA), the Department of Economic Opportunity (DEO), the Agricultural Commissioner/Weights and Measures (ACWM), the District Attorney (DA), the Chief Executive Office (CEO), and County Counsel to develop and launch a widespread, multilingual outreach campaign to DPSS customers, local businesses, and the general public. Given the continued threats of EBT skimming and upcoming statewide changes to EBT cards, we need to continue to bolster the need for interdepartmental collaboration.

When the transition to EBT chip/tap technology takes place, EBT clients will need to be aware of the procedures and next steps regarding when they will receive replacement cards and when their old EBT cards will stop working so that there is no interruption to benefit accessibility. EBT clients will also need to know how they will receive their new EBT cards, especially if they do not have a fixed address or are unhoused.

reimbursements for CalFresh benefits are capped to two countable instances of electronic theft replacement each fiscal year, with a maximum of two months' worth of benefits replaced for each instance.

Further, businesses and EBT vendors that do not currently have point-of-sale (POS) machines that are compatible with EBT chip/tap technology will need to upgrade their software or replace their POS devices with a chip/tap-compatible EBT device promptly so that they can continue serving EBT consumers and their needs. The U.S. Department of Agriculture's Food and Nutrition Service (FNS) has issued [flyers](#) to inform businesses about the change and what steps to take to modernize their POS devices, but this guidance is not enough to reach all EBT vendors statewide. At the County level, there will be a need for strategic coordination between County departments and programs, city governments, local organizations, associations, and EBT vendors and retailers to ensure that the transition to EBT chip/tap technology is successful. A significant component includes engagement and buy-in from EBT vendors and retailers. Without this type of effort and coordination via the already existing EBT Fraud Task Force Workgroup, there is a considerable risk that the upgrade to EBT chip technology will have little to no impact on current EBT skimming threats.

Further, given that benefit recipients and EBT cardholders include some of the most vulnerable and marginalized communities, and that a significant amount of EBT retailers and vendors are small mom-and-pop shops and convenience stores, there needs to be a deliberate effort to ensure that outreach and communication are done in a widespread, accessible, and language-inclusive manner consistent with the principles in the recently-adopted Countywide Language Access Policy administered by DCBA's Office of Immigrant Affairs.

I WE, THEREFORE, MOVE that the Board of Supervisors direct the Department of Public Social Services to report back within 45 days, in writing, to the Board on how it

is preparing for the State implementation of Electronic Benefits Transfer chip/tap cards, including addressing, at minimum:

1. What will happen to the old EBT cards once new EBT chip/tap cards are issued?
 - a. Will the old cards automatically be deactivated once a new EBT chip card is issued, or will there be a grace period before deactivation?
 - b. How will the EBT chip/tap cards be provided to current benefit recipients?
 - c. How can unhoused benefit recipients, or recipients without a fixed mailing address, receive the new EBT chip/tap cards?
 - d. Who can benefit recipients contact if they did not receive the new EBT chip/tap card and their old EBT card has been deactivated?
 - e. What has DPSS done to ensure that all benefit recipients' mailing addresses are current?
2. How will DPSS engage with the following populations about the transition to EBT chip/tap card?
 - a. Current benefit recipients who utilize an EBT card, including recipients who are unhoused or do not have a fixed mailing address; and
 - i. How are current benefit recipients being informed of the impending change?
 - ii. How will unhoused benefit recipients, or those without a fixed mailing address, be notified?
 - b. Approved vendors and businesses that accept EBT payments for food

benefits and cash aid.

- i. Has DPSS notified (and reminded) EBT vendors and retailers about this transition?
 - ii. Has DPSS informed EBT vendors and retailers where to go, what to do, or who to contact for assistance upgrading or modernizing their EBT POS devices using the USDA guidance?
3. What has DPSS done to inform the stakeholders, in a language-inclusive manner, about the upcoming transition to EBT chip/tap technology?

I WE, FURTHER, MOVE that the Board of Supervisors direct the Department of Public Social Services, in collaboration with the County Departments that are part of the EBT Fraud Task Force Workgroup and other relevant County Departments, to include a language-inclusive, culturally competent outreach plan in the first Directive's written report back to the Board, including engagement with ethnic and hyperlocal media to, at minimum:

1. Inform benefit recipients who utilize EBT cards about the upcoming transition to EBT chip/tap technology, including Frequently Asked Questions (FAQ) responding to inquiries such as:
 - a. How and when will I receive the new EBT chip/tap card?
 - b. What if I don't have a mailing address?
 - c. Who can I contact with questions about my new EBT chip/tap card?
 - d. What will happen to my old EBT card?
 - e. Will my benefits be interrupted?
 - f. Other foreseeable questions.

2. Ensure that benefit recipients' current mailing addresses, if they have one, are updated and accurate.
3. Inform vendors/businesses that accept EBT cards as payment about the upcoming transition to EBT chip/tap technology and the guidelines issued in the [USDA Retailer Notice](#) for the type of Point-of-Sale device that is needed, including answers to sample inquiries, such as:
 - a. What can I do if my current point-of-sale machine does not accept EBT chip/tap technology?
 - b. Who can I call for technical assistance?
 - c. Why do I need to upgrade my point-of-sale machine?
 - d. Other foreseeable questions.

I WE, FURTHER, MOVE that the Board of Supervisors:

1. Direct the Los Angeles County Department of Economic Opportunity, in collaboration with the Department of Consumer and Business Affairs, the Agricultural Commissioner/Weights and Measures, the Department of Public Social Services, and other relevant County Departments, in drafting the language-inclusive outreach plan in the first Directive's written report back to the Board to, at a minimum:
 - a. Engage with business and retailer associations, local chambers of commerce, and other relevant stakeholders that serve EBT customers, and come up with a plan on how to best encourage, incentivize, and educate local vendors and businesses that accept EBT cards as payment, about the importance of participating in the transition to EBT

chip/tap technology with the end-goal of increasing the number of vendors that choose to modernize and update their Point-of-Sale devices to be compatible with California's upgraded EBT chip/tap card technology (as laid out in the [USDA Retailer Notice](#)).

2. Direct the Department of Employment Opportunity, in consultation with other County departments as appropriate, to research and create an implementation plan, and include as part of the first Directive's written report back, to address the following concerns related to the EBT chip/tap rollout:
 - a. Potential barriers preventing or deterring local businesses from upgrading their POS machines.
 - b. Existing resources and incentives that can help businesses offset any costs to upgrading their POS systems (e.g., small business grants, tax write-offs, etc.), should there be a cost associated with upgrading.
 - c. Potential avenues for the engagement and collaboration of reputable major third-party processors that furnish EBT chip/tap POS systems to EBT retailers in Los Angeles County for the purpose of easing the EBT chip/tap rollout effort.
3. Direct the Department of Public Social Services, in collaboration with the Chief Executive Office – Legislative Affairs and Intergovernmental Relations, to continue to advocate at the State and federal levels for support to:
 - a. Better inform benefit recipients and the general public about the status of EBT chip/tap rollout and expected timelines and changes to EBT consumer experiences; and

- b. Increase EBT vendor participation in upgrading and modernizing their EBT point-of-sale devices through creative solutions and incentives.

#

HLS:lc/el