

Supplemental Nutrition Assistance Program (SNAP): Benefit Theft Through Electronic Benefit Card Skimming

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SNAP provides federally funded benefits (not the same as cash) on Electronic Benefits Transfer (EBT) cards to eligible households to purchase eligible food items from authorized retailers. The Consolidated Appropriations Act of 2023 (P.L. 117-328, Division HH, §501) included temporary authority to provide federally funded replacement of SNAP benefits stolen through EBT card skimming, cloning, and similar methods. That temporary authority was set to expire on September 30, 2024; the FY2025 Continuing Appropriations and Extensions Act (P.L. 118-83) extended it through December 20, 2024.

Certain consumer protections that apply to unauthorized transactions for credit and debit cards do not apply to EBT cards, and, under SNAP's permanent law, there is no federal funding that would replace such stolen benefits. States may use their Temporary Assistance for Needy Families (TANF) block grant to [replace stolen TANF benefits](#), though they are not required to do so.

Theft Through Skimming and Other Means

Card [skimming](#) occurs when illegally installed devices inside Automated Teller Machines (ATM) or point-of-sale (POS) terminals capture card data, including personal identification numbers. That captured information is then used to make unauthorized purchases and steal from a victim's account.

Consumers in general have protections limiting losses from unauthorized electronic purchases [via debit cards through the so-called Regulation E](#) and [via credit cards through Regulation Z](#). For example, the consumer has limited liability for unauthorized purchases, and the bank will bear the liability for reimbursement, assuming the consumer properly reports the unauthorized use of the card. These reimbursements may be financed by [the fees merchants pay to banks](#) for credit and debit card transactions.

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193; the 1996 *welfare reform law*) included provisions to speed SNAP's move from providing benefits via coupons to EBT cards. It also encouraged states to use EBT for assistance under the TANF block grant. The law

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[specifically exempted EBT transactions from Regulation E](#). Additionally, SNAP law prohibits fees from being imposed on EBT transactions.

Responding to reports that EBT cards had been subject to electronic theft, the U.S. Department of Agriculture (USDA) and the U.S. Department of Health and Human Services (HHS) issued [joint guidance](#) to states on measures to prevent theft of benefits from EBT cards.

Selected Measures to Remedy and Prevent Skimming

Temporary Authority to Replace Benefits

Title IV of P.L. 117-328 provided for temporary and limited replacement of SNAP benefits stolen from participants during the period October 1, 2022, through September 30, 2024 (currently extended to December 20, 2024). The benefits replaced are limited to the lesser of the amount stolen or two months of the monthly allotment for the household for the months prior to which benefits are stolen. Replacement per household is also limited to two times per federal fiscal year. The law authorized open-ended federal funding to finance the benefit replacement.

In January 2023, USDA's Food and Nutrition Service (FNS) [issued guidance](#) to states to develop their plans to replace stolen benefits. FNS received and [approved plans](#) for all 50 states, the District of Columbia, and the U.S. Virgin Islands. States are required to report information on stolen benefit claims; FNS has compiled this information on a [dashboard](#). As of September 13, 2024, dashboard data indicates that states approved over 195,000 claims and replaced approximately \$94.7 million in SNAP benefits.

EBT Modernization

[Some states are taking action to modernize their SNAP EBT cards](#) and systems as a way to prevent skimming.

Credit and debit card issuers began [implementing EMV cards](#) (credit and debit cards with a chip embedded) in 2015; these cards are more secure than the magnetic stripe cards customarily used for SNAP EBT. Currently, [California and Oklahoma are working to transition to EBT cards with chip technology](#) for their SNAP programs. Card-issuance expenses are a SNAP state administrative cost; state administrative costs receive a 50% cost share from the federal government.

FNS is also implementing a pilot (authorized by the 2018 farm bill) that would allow [SNAP payment via mobile technologies](#). After publishing a request for volunteers, FNS selected five states (Illinois, Louisiana, Massachusetts, Missouri, and Oklahoma) to test SNAP payment with a personal mobile device as an alternative to a physical EBT card.

Examples of Related Legislative Proposals

The [Farm Bill](#) usually reauthorizes SNAP and a number of other agricultural and nutrition assistance programs. The 2018 Farm Bill authorized SNAP through September 30, 2023, but its authority has been [extended](#) through September 30, 2024. Congress has yet to enact a Farm Bill in 2024, though one has been [ordered reported from the House Agriculture Committee](#). The House committee's bill does not include funding for benefit replacement or card modernization. Senate Agriculture Committee leadership has not released Farm Bill legislative language. (For more information, see CRS Report R48167, *The 2024 Farm Bill: H.R. 8467 Compared with Current Law*.)

In the 118th Congress, companion bills (H.R. 6005/S. 3089) have been introduced that would amend P.L. 117-328, Title IV, Section 501, regarding replacement funding for stolen benefits. These bills would require replacement of actual losses and make the P.L. 117-328 provision permanent (by removing date

limits). Another bill (H.R. 205) would amend SNAP's statute to permanently provide for reimbursement of SNAP benefits stolen via EBT skimming and similar practices. Companion bills (H.R. 7585/S. 3893) have also been introduced that would require states to issue SNAP benefits on chip cards and undertake other cybersecurity measures.

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