



Agenda Date: \_\_\_\_\_

## Board Briefing Report

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DATE: July 24, 2024                      REVISED December 2, 2024  
TO: Board of Supervisors  
FROM: Sanja Bugay, Director, Department of Social Services  
SUBJECT: Electronic Benefit Transfer (EBT) Chip-Tap Enablement

*Ando Tichene for Sanja Bugay*

### EXECUTIVE SUMMARY

The purpose of this briefing is to inform the Board of Supervisors of the upcoming changes to the Electronic Benefits Transfer (EBT) cards for both cardholders and retailers in California. The California Department of Social Services (CDSS) is enhancing the security features of all EBT cards to improve the protection of food and cash benefits by implementing Europay, Mastercard and Visa (EMV) Chip and Tap technology. The chip-tap functionality and enhanced security measures in new EBT cards represent a significant step forward in combating theft through card skimming and protecting cardholder information.

Update as of December 2, 2024: CDSS has postponed the implementation date for changes to the Electronic Benefit Transfer (EBT) cards to January 2025.

### REASON FOR THE DELAY

The delay has arisen because Fiserv, a major Third-Party Processor (TPP) that represents 45% of EBT merchants and processes nearly 50% of EBT transactions has not released the necessary code to support Chip/Tap transactions. CDSS has postponed mass card replacement for three months to ensure a smooth transition and minimize potential disruptions for cardholders. This additional time will allow Fiserv to complete its updates and allow time for testing, ensuring that retailers and financial institutions are fully prepared to process Chip/Tap transactions.

### BACKGROUND

CDSS is enhancing the security features of all EBT cards to improve the protection of food and cash benefits by implementing Europay, Mastercard and Visa (EMV) Chip and Tap technology. The chip-tap functionality and enhanced security measures in new EBT cards represent a significant step forward in combating skimming and protecting cardholder information.

Electronic theft and EBT fraud have increased exponentially in California. To combat this growing problem, CDSS will start issuing new EBT cards equipped with EMV Chip and Tap technology. These advancements intend to provide better security for card transactions, thereby protecting both retailers and clients from the consequences of stolen benefits.

### IMPLEMENTATION

Starting January 2025, CDSS will replace the current magnetic stripe EBT cards with new Chip EMV/Tap cards. The EMV chip contains encrypted data, making it significantly harder for unauthorized individuals to



duplicate the card information. The addition of Tap technology allows cardholders to make contactless payments, further enhancing security and convenience.

## IMPACT TO EBT CARDHOLDERS

All EBT cardholders will receive a new Chip EMV/Tap EBT Card in the mail from CDSS. Cardholders will still have access to their benefits during this rollout. The existing EBT card will continue to work until they elect to activate their new Chip EMV/Tap EBT Card.

- **Distribution:** All EBT cardholders will receive a new Chip EMV/Tap EBT Card in the mail.
- **Existing EBT card:** Cardholders can continue to use their existing EBT cards until they activate their new Chip EMV/Tap EBT Cards.
- **Continued Access:** Access to benefits will remain uninterrupted during this transition period. EBT cardholders will have approximately 45 days after issuance to use the replacement card before their old card stops working.
- **Existing PIN:** Cardholders' existing PIN and existing balances will carry over to the new card. Benefit load amounts will not be impacted.
- **New Card activation:** Cardholders should use the new card immediately upon receipt; a successful transaction activates the new card and deactivates the old card. Clients have 45 days to activate before the old card becomes unusable.

## IMPACT TO MERCHANTS, RETAILERS AND FINANCIAL INSTITUTIONS

- **Notification:** On May 3, 2024, CDSS notified local merchants, retailers, and financial institutions of these security enhancements.
- **System Upgrades:** Merchants and financial institutions who wish to continue accepting EBT benefits were required to update their payment processing systems by August 1, 2024, to process the new Chip EMV/Tap EBT cards.
- Although highly encouraged, EBT retailers and financial institutions are not currently federally required to accept Chip EMV/Tap payment to accept EBT benefits. Cardholders will use the magnetic stripe until their retailer of choice has updated their payment systems to allow for secure Chip EMV/Tap transactions for EBT.

## IMPACT TO THE COUNTY

- **Potential increased Client Service Demand:** There's the potential for an influx of EBT-related inquiries in our lobbies and through phone calls.
- **Client support:** The County will play a central role in the card replacement process, client education, collaboration with state agencies, supporting vulnerable populations, and monitoring progress.

## CLIENT NOTIFICATION AND OUTREACH

- **Mailers to Clients:** CDSS will mail clients a new card and informational pamphlets, [Publication 388 - California EBT Card](#) and [Publication 389 - How To Use Your EBT Card To Make A Purchase](#). These pamphlets contain essential Chip EMV/Tap card activation information and updated benefit theft prevention information.
- **Informational banners:** CDSS will post informational banners on BenefitsCal and ebtEDGE platforms alerting cardholders about upcoming changes.
- Clients with questions are urged to call the **State EBT Customer service line at 1-877-328-9677**.

These changes will deter fraudulent activities and modernize the EBT system, in the effort to ensure benefits reach their intended recipients securely and efficiently.

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