

Nutrition Assistance: USDA Should Comprehensively Assess Benefit Theft Prevention Measures States Are Implementing

GAO-25-107964

Q&A Report to Congressional Committees

September 25, 2025

Why This Matters

The Supplemental Nutrition Assistance Program (SNAP), overseen by the United States Department of Agriculture (USDA) and administered by states, is the nation's largest federally funded nutrition assistance program. It is intended to help low-income individuals and families obtain a more nutritious diet by supplementing their income with benefits to purchase food. According to the Congressional Budget Office, SNAP will provide approximately \$96 billion in benefits to about 43 million people in fiscal year 2025.

In recent years, SNAP benefits have been stolen from recipients' electronic benefit transfer (EBT) cards. SNAP benefit theft can occur in several ways. For example, through card skimming, thieves place an illegal device on a retailer's point-of-sale machine to copy account information, including personal identification number (PIN) entries. Thieves can use this information to take control of a SNAP recipient's account and steal benefits, which could leave victims without means to purchase food.

The Consolidated Appropriations Act, 2023 includes provisions for the replacement of stolen SNAP benefits with federal funds from October 1, 2022, through September 30, 2024. The Act also requires state SNAP agencies to submit a plan for the replacement of stolen benefits, including the submission of related data reports, to USDA. This period was extended once by statute through December 20, 2024. Recipients whose benefits are stolen on or after December 21, 2024, are not eligible for replacement with federal funds.

The Continuing Appropriations and Extensions Act, 2025 includes a provision for GAO to, among other things, examine efforts to prevent SNAP EBT theft. In this report, we provide information about the steps USDA has taken to prevent SNAP benefit theft and evaluate the extent to which USDA assesses how state SNAP agencies have implemented measures to prevent such theft.

Key Takeaways

- State SNAP agencies implement a variety of measures recommended by USDA to prevent benefit theft, including those that allow recipients to lock their EBT cards to prevent unauthorized transactions. However, many of these measures require SNAP recipients to take individual action, which can affect how widely they are used.
- As of May 2025, one state—California—has modernized its SNAP EBT cards to better align with credit and debit card industry security standards to help prevent benefit theft. Six other states have ongoing SNAP EBT card modernization projects. Additionally, USDA said it is in the process of developing a proposed rule—planned for publication in January 2026—that

may require all state SNAP agencies to use more secure payment technologies.

- USDA has several additional efforts underway to address SNAP EBT theft, including pilots that will allow state SNAP agencies to automatically block certain types of potentially fraudulent transactions and help USDA better prevent the use of unauthorized EBT point-of-sale terminals.
- In this report, we recommend that USDA comprehensively assess the SNAP benefit theft prevention measures state agencies are implementing to help enhance its efforts to address EBT theft and provide assistance to states.

How is SNAP funded and who is eligible to receive benefits?

The federal government pays the full cost of SNAP benefits to states, and state agencies are responsible for administering and monitoring the program within their states.¹ State agencies determine whether individuals and households are eligible to receive SNAP benefits based on program requirements. Generally, to be eligible for SNAP benefits under federal law, a household’s gross income cannot exceed 130 percent of the federal poverty level.² USDA’s Food and Nutrition Service (FNS) is responsible for overseeing SNAP at the federal level, including reviewing states’ administration of the program in accordance with program requirements.

To assist with the administration of SNAP, administrative expenses for state SNAP agencies are shared with the federal government, with each paying about 50 percent. Beginning in fiscal year 2027, the rate of USDA reimbursement for state administrative costs will be reduced from 50 percent to 25 percent.³ Costs related to issuing EBT cards and implementing card security tools and other benefit theft prevention measures are among the administrative expenses state SNAP agencies share with the federal government.

How does SNAP benefit theft occur?

SNAP benefit theft occurs when thieves use unauthorized, electronic methods to take control of an account without a recipient’s knowledge.⁴ FNS has identified several methods thieves use to steal SNAP EBT card information, which they use to facilitate the theft of actual benefits (see table 1).

Table 1: Methods for Stealing Supplemental Nutrition Assistance Program (SNAP) Electronic Benefit Transfer (EBT) Card Information	
Method	Description
Card skimming	Placing a reading device on a retailer’s point-of-sale equipment. The reader collects key card information—such as the personal account number and personal identification number (PIN)—when a client swipes their card during a transaction. Thieves then use this card information to steal a recipient’s benefits.
Card cloning	Using equipment to write stolen card information onto blank magnetic stripe cards. Thieves then use cloned cards to steal SNAP benefits after the state SNAP agency reloads benefits to the recipient accounts. While some cloned cards are physical cards, thieves can also use stolen information to complete other types of transactions that do not require a card to be present, like online purchasing.
Phishing activities	Using scams over text, email, or phone to gather key card information. Increasingly, scams use sophisticated technology to deceive SNAP recipients. For example, in some states, scammers have spoofed, or imitated, the phone number of a government service agency or the EBT customer service number to obtain key card information from recipients.
Algorithmic attacks	Using rapid and repeated inquiries through bots to exploit online vulnerabilities that discern key card information. For example, thieves have used this technology to exploit balance inquiry features of SNAP internet retailers to identify valid PINs. Bots are also used to identify cards that have positive balances.
Stolen FNS numbers	Using FNS store numbers, which are assigned by FNS to each authorized SNAP retailer, to illegitimately gain access to the EBT payment network and process SNAP transactions. Once thieves have network access, they often use stolen SNAP account information to drain recipients’ benefit accounts.

Source: GAO analysis of Food and Nutrition Service (FNS) November 2024 Report to Congress. | GAO-25-107964

EBT cards are a target for theft because most cards do not have certain theft-prevention features, such as embedded microchips (chips), that are standard in the commercial debit and credit card industry and help to prevent card skimming. State SNAP agencies are not currently required to add chips to EBT cards and the technical standards to allow the use of chips in SNAP did not exist until August 2024. While chips do not make EBT cards impervious to fraud, as discussed later in this report, the lack of embedded chips in cards makes them more vulnerable to a variety of card skimming devices (see fig. 1).

Figure 1: Sample Skimming Devices Used at Point-of-Sale (POS) Terminals



Source: United States Secret Service Public Advisory on ATM and POS Terminal Skimming (Feb. 2025). | GAO-25-107964

Perpetrators of SNAP benefit theft can range from individuals acting independently to organized crime groups, who steal benefits to help fund illicit activities. Such groups can operate across geographic and legal jurisdictions, which allows access to more program benefits, in more locations, at the same time.⁵

What is known about the extent to which SNAP benefits are stolen?

FNS has limited information on the extent of SNAP EBT theft.⁶ According to FNS, there is no requirement for state SNAP agencies to report data on stolen benefits, except for the statutorily required period of October 1, 2022, through December 20, 2024.

State SNAP agencies replaced over \$320 million in stolen benefits with federal funds for nearly 679,000 households in 52 states during that period.⁷ However, those data do not represent all SNAP benefit theft. Rather, the data reflect unauthorized transactions for which recipients filed claims that were subsequently approved. Some recipients who experienced benefit theft may not have known to file claims and, as a result, may not have done so. Further, the Consolidated Appropriations Act, 2023 limited recipients to filing a maximum of two claims each year. Therefore, the data reported by state SNAP agencies understates the full extent of the SNAP benefits stolen during that period.

Additionally, the data FNS collected from state SNAP agencies did not include information about where or how the benefits were stolen. According to FNS, recipients often do not know where or how their benefits were stolen, including the retailer location where the theft occurred. As a result, the data state SNAP agencies sent to FNS did not include information that could be used to identify and better understand trends related to SNAP benefit theft.

According to FNS officials, the agency no longer has authority to require that states submit data on stolen benefits; this temporary authority ended on December 20, 2024. More recently, FNS has developed an information sharing agreement that would allow state SNAP agencies to share information about benefit theft with FNS. As of April 2025, FNS officials told us they have discussed entering into this agreement with five states and intend to analyze this

information to develop new detection methods for cards that have been skimmed or cloned.

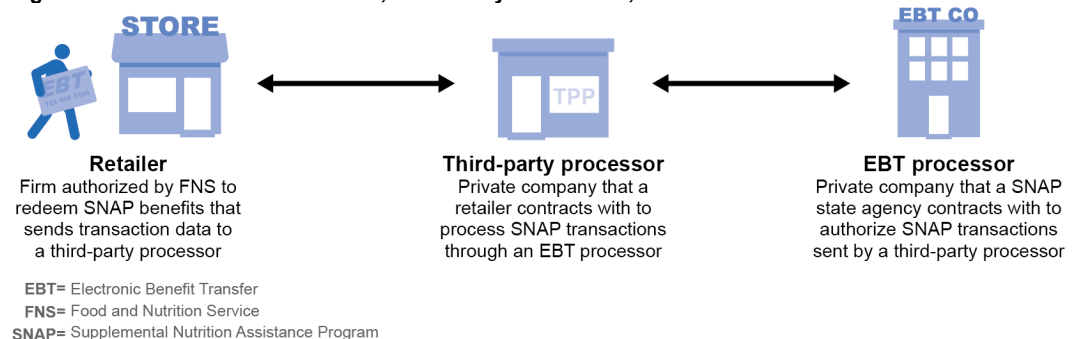
What roles do EBT processors play in helping states administer the SNAP program?

State SNAP agencies contract with private companies—EBT processors—to implement and maintain their EBT systems. These systems debit SNAP recipients' accounts and credit authorized retailers' accounts for approved transactions. According to FNS, as of October 2024, state SNAP agencies contracted with four EBT processors to manage their EBT systems. Among other things, EBT processors are responsible for providing information about the SNAP transactions they authorize. They provide this information to FNS, state SNAP agencies, retailers, and recipients.⁸

State SNAP agencies choose which EBT processor to contract with, ensuring that functional and technical EBT system requirements are met. FNS reviews and approves these contracts, which typically have an initial period of 3 to 5 years. FNS officials also said state SNAP agencies usually extend these contracts for a few more years after the initial period ends. As of fiscal year 2025, two of the four EBT processors served nearly all the state SNAP agencies.

EBT processors offer state agencies a variety of card security controls to help prevent SNAP EBT theft, including controls that are used in the debit and credit card industry. EBT processors we interviewed said that they include some of these controls as part of a base contract they sign with a state SNAP agency, while others may be provided at an additional cost. Costs for implementing card security controls are administrative expenses for state SNAP agencies that are shared with the federal government. Separately, retailers contract with other private companies, known as third-party processors, to obtain point-of-sale devices to access the EBT system and send SNAP transactions to the EBT processor (see fig. 2).

Figure 2: Selected Roles of Retailers, Third-Party Processors, and EBT Processors in SNAP



Source: GAO analysis of information obtained from the USDA Office of Inspector General. | GAO-25-107964

How do liability protections for unauthorized transactions involving EBT cards compare to those involving debit cards?

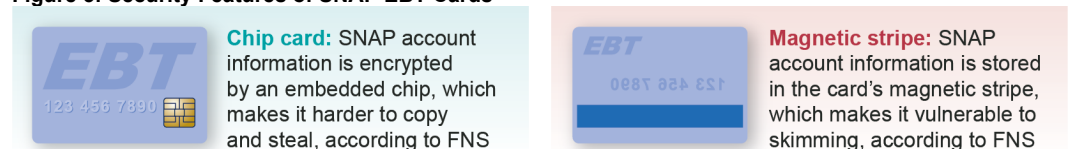
Individuals using EBT cards do not have the same liability protections afforded to debit card users. EBT cards do not fall within the scope of the Electronic Funds Transfer Act (EFTA), enacted in 1978.⁹ The regulations implementing EFTA, known as Regulation E, generally limit how much consumers using debit cards can be held liable for unauthorized transactions, including those that result from theft of their cards.

In the mid-1990s, the Board of Governors of the Federal Reserve System amended Regulation E to extend these protections to EBT programs like SNAP, but Congress passed a law to exempt these programs before the changes took effect. Specifically, in 1994, the Board proposed changes to the regulations, in

part because of the Board's belief that all consumers using electronic fund transfer services should substantially receive the same protections. During rulemaking, the Board received comments from organizations, including state and local governments, opposing the proposal. These commenters, among other things, said extending protections to EBT programs would increase the costs of delivering benefits to the point that offering EBT might not be economically feasible and would prevent program expansion. Recognizing these concerns, the Board delayed implementation of the amended regulation until 1997. Subsequently, however, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 amended EFTA and exempted EBT. In discussing this exemption, a House Budget Committee report expressed concern regarding the increased liability and costs that states would face complying with Regulation E.

Despite SNAP recipients not having liability protections under Regulation E, FNS reported that it has taken steps to align EBT cards with other debit card industry standards that help prevent unauthorized transactions. For example, in August 2024, FNS published new technical standards that will allow state SNAP agencies to issue EBT cards with chip technology, which makes it harder to copy or steal account information.¹⁰ By adding chips to EBT cards, state SNAP agencies will store and transmit EBT transaction data more securely. Adding these chips to EBT cards will also help shift SNAP away from less-secure magnetic stripe technology, which has already been done by debit card issuers (see fig. 3).

Figure 3: Security Features of SNAP EBT Cards



Source: GAO analysis of Supplemental Nutrition Assistance Program (SNAP) Electronic Benefit Transfer (EBT) card security features described in Food and Nutrition Service (FNS) documents. | GAO-25-107964

In addition to consumer liability protections, debit cards have a different liability structure for retailers compared to EBT cards. Prior to 2015, debit card issuers were routinely liable for any losses that resulted from unauthorized transactions on those cards. Major debit card networks in the U.S. amended their rules to shift liability for unauthorized transactions as of October 1, 2015. Specifically, if a retailer processes a chip-enabled card on a point-of-sale device that is not chip-enabled, the retailer—and not the card issuer—is liable for losses associated with an unauthorized transaction. If the retailer has a device that is chip-enabled, in contrast, liability remains with the card issuer. This liability shift led to many retailers upgrading their point-of-sale devices to accept chip-enabled debit cards. However, with SNAP, retailers are generally not liable for any losses related to unauthorized transactions involving chip-enabled EBT cards, according to FNS officials.

What steps is FNS taking to prevent SNAP EBT theft?

FNS has a variety of efforts underway to help prevent SNAP EBT theft, including developing a proposed rule that would require state SNAP agencies to implement certain card security measures.

Proposed rule on EBT card security measures. As of May 2025, FNS told us it was in the process of developing a proposed rule for publication in January 2026 in accordance with Division HH, Title IV, Section 501(a)(2) of the Consolidated Appropriations Act, 2023. Among other things, FNS officials said this rule will establish requirements and timeframes for state agencies to use more secure

payment technologies for SNAP EBT transactions. Such technologies include chip cards and contactless payment options. FNS said it hired several technical experts with state and vendor experience in 2024 to help increase its capacity to develop the proposed rule. However, according to FNS, fewer than half of these experts remained as of May 2025 due to agency staffing changes.

Online balance inquiry tools. In January 2025, FNS waived the requirement that online SNAP retailers have an EBT balance inquiry feature on their websites. According to FNS, thieves reportedly used online balance inquiry tools to confirm the availability of SNAP benefits on account numbers they had fraudulently obtained. Thieves would then use this information to complete unauthorized transactions and steal recipients' SNAP benefits. FNS now requires online SNAP retailers to either remove their online balance inquiry tool or, if the retailer removes guest checkout, limit use of the online balance inquiry tool to two uses per session.

SNAP Fraud Framework Implementation grants. FNS administers the SNAP Fraud Framework Implementation Grant Program, which helps support state SNAP agency efforts to improve and expand recipient fraud prevention, detection, and investigation efforts. FNS's SNAP Fraud Framework identifies seven areas state SNAP agencies should focus on, including fraud detection as well as analytics and data management.

In fiscal year 2024, FNS awarded approximately \$5 million in implementation grants to 10 state SNAP agencies through a competitive grantmaking process.¹¹ Funding amounts to each of these state SNAP agencies ranged from \$161,344 to \$749,000. According to FNS officials, state SNAP agencies can also use these funds to help implement EBT card security measures.

Collaborative mechanisms. FNS collaborates with state SNAP agencies, EBT processors, and other entities through monthly calls and other meetings to help prevent SNAP EBT theft.

- According to FNS, state SNAP agencies discuss emerging trends related to EBT theft in a monthly meeting that includes FNS, USDA Office of Inspector General (OIG), and law enforcement agencies like the United States Secret Service. During these meetings, FNS and its law enforcement partners answer questions from participants, discuss state benefit theft prevention measures, and provide technical assistance. For example, according to our analysis of monthly fraud call transcripts, the USDA OIG requested during a meeting that states periodically force PIN changes to prevent benefit theft.
- As previously discussed, FNS officials, EBT processors, and other stakeholders we interviewed participated in a large workgroup that developed a new electronic payment standard for SNAP EBT chip cards.
- FNS officials, state SNAP agencies, retailers, EBT processors, and others also participate in an industry forum that discusses issues related to implementing EBT chip cards.

In addition to these ongoing efforts, FNS has four pilot projects that help address SNAP EBT theft (see table 2).

Table 2: FNS Pilots Related to SNAP EBT Theft

Pilot name	Description	Goals	Entities involved	Status
Out-of-state and online transaction blocking pilot	<p>Allows state Supplemental Nutrition Assistance Program (SNAP) agencies to automatically block-out-of-state and online transactions from being processed. According to FNS, thieves largely use stolen SNAP account information to make purchases in a different state from the recipient or through online platforms.</p> <p>According to FNS officials, recipients who wish to make these types of transactions would need to activate that option for their SNAP account online or by phone.</p>	<p>FNS officials said the pilot will allow it to collect data from participating states and inform future decisions about automatically blocking out-of-state and online transactions. The pilot will also help explore how transaction blocking may affect states' compliance with ease-of-use-requirements, which aim to minimize the number of steps required for recipients to use their benefits, especially for persons with disabilities, as well as interoperability requirements, which ensure that SNAP recipients can use their benefits across state borders.</p>	States	As of April 2025, no states were approved to participate in the pilot. FNS officials said they plan for states to participate in the pilot on a rolling basis in 2025.
Mobile payments pilot	<p>Allows recipients to use mobile devices, such as smartphones, instead of Electronic Benefit Transfer (EBT) cards to redeem SNAP benefits.</p>	<p>FNS said the pilot will allow it to test the use of mobile payments, which can offer high levels of fraud protections, as a transaction method for redeeming SNAP benefits. The pilot will also help FNS review processes for monitoring and detecting fraud when using this payment method.</p>	States	FNS is authorized to allow up to five mobile payment pilot projects and as of April 2025 had approved Illinois, Massachusetts, and Oklahoma to participate.
Third-party processors pilot	<p>Assists third-party processors—private companies contracted by retailers to process transactions—with verifying that new terminals are connected to authorized SNAP retailers.</p>	<p>FNS officials said the pilot will verify the authenticity of the documentation being submitted by retailers to third-party processors. Verifying this documentation will help reduce the number of unauthorized terminals that have been fraudulently connected to authorized SNAP retailers.</p>	Third-party Processors	As of April 2025, five third-party processors were participating in the pilot.

Pilot name	Description	Goals	Entities involved	Status
EBT Gateways pilot	FNS officials said the pilot provides access to real-time SNAP EBT transaction data, which will allow FNS to receive real-time alerts to potentially fraudulent transactions. Currently, FNS officials said it does not have real-time access to SNAP EBT transaction data because it takes a few days to process these data after they are transmitted to FNS by state SNAP agencies.	FNS officials said having real-time access to SNAP EBT processor data will help FNS assess the impact of real-time transaction monitoring and blocking.	EBT processors	As of April 2025, FNS said it plans to receive real-time access to one of the two major EBT processors' data in late summer 2025. These data will represent about 60 percent of the SNAP EBT transactions that are processed, according to FNS officials.

Source: GAO analysis of Food and Nutrition Service (FNS) information. | GAO-25-107964

What assistance does FNS provide states on preventing SNAP EBT theft?

To help state SNAP agencies prevent EBT theft, FNS provides guidance on recommended EBT card security options and technical assistance.

Benefit theft prevention measures. In October 2022, FNS, in collaboration with the Department of Health and Human Services, published guidance on tools and resources that state agencies may use to prevent EBT card skimming and related fraud.¹² The guidance, among other things, identified EBT card security tools for recipients and encouraged state SNAP agencies to implement certain fraud prevention measures (see table 3).¹³ FNS identified these fraud prevention measures in coordination with EBT processors and other stakeholders. Although FNS does not currently require states to adopt any of these measures, as discussed in response to the previous question, the agency is in the process of developing a proposed rule that would require states to implement certain measures.

Table 3: FNS's Recommended Benefit Theft Prevention Measures, October 2022

Type of benefit theft prevention measure	Card security or fraud prevention option	Description
Card security options available to recipients	Encourage frequent personal identification number (PIN) changes	Encourage recipients to change PINs frequently to help minimize their risk of stolen benefits
	Allow "freezing" or "locking" cards	Allow recipients to freeze or lock their electronic benefit transfer (EBT) cards, which prevents any transactions from occurring
	Provide alerts after key events	Encourage recipients to receive alerts when a purchase or PIN change occurs
	Block specific transactions	Educate recipients on their ability to restrict out-of-state and online purchasing transactions
Card security and fraud prevention options for states	Restrict common PINs	Prevent recipients from choosing weak PINs (e.g., 1234)
	Improve educational materials	Develop and share guidance for recipients about how they can safeguard their EBT cards
	Implement magnetic stripe safeguards and checks	Incorporate existing tools offered by EBT processors to reenforce safeguards and checks as part of transaction processing
	Improve state data collection	Improve practices around reports of stolen benefits for future analyses of fraud trends
	Support fraud investigations	Work with stakeholders to develop call center scripts to gather information from recipients reporting stolen benefits that can help investigations
	Enhanced security for call-in services	Require recipients to authenticate their identities before accessing their account balance information by phone
	Join state-led fraud workgroup	Discuss preventative actions with other states

Source: GAO analysis of Food and Nutrition Service (FNS) guidance. | GAO-25-107964

Note: According to EBT processors we interviewed, SNAP recipients can use card security options through a web portal or mobile device.

Support for EBT modernization. FNS has taken several steps to support and encourage states to begin using EBT chip cards. In addition to releasing new technical standards that allow state SNAP agencies to issue EBT chip cards, as previously discussed, FNS posts information and technical resources on its website to assist states with the transition. For example, FNS published chip card readiness guidance, which detailed the different requirements to move to chip and steps to achieve a successful transition.

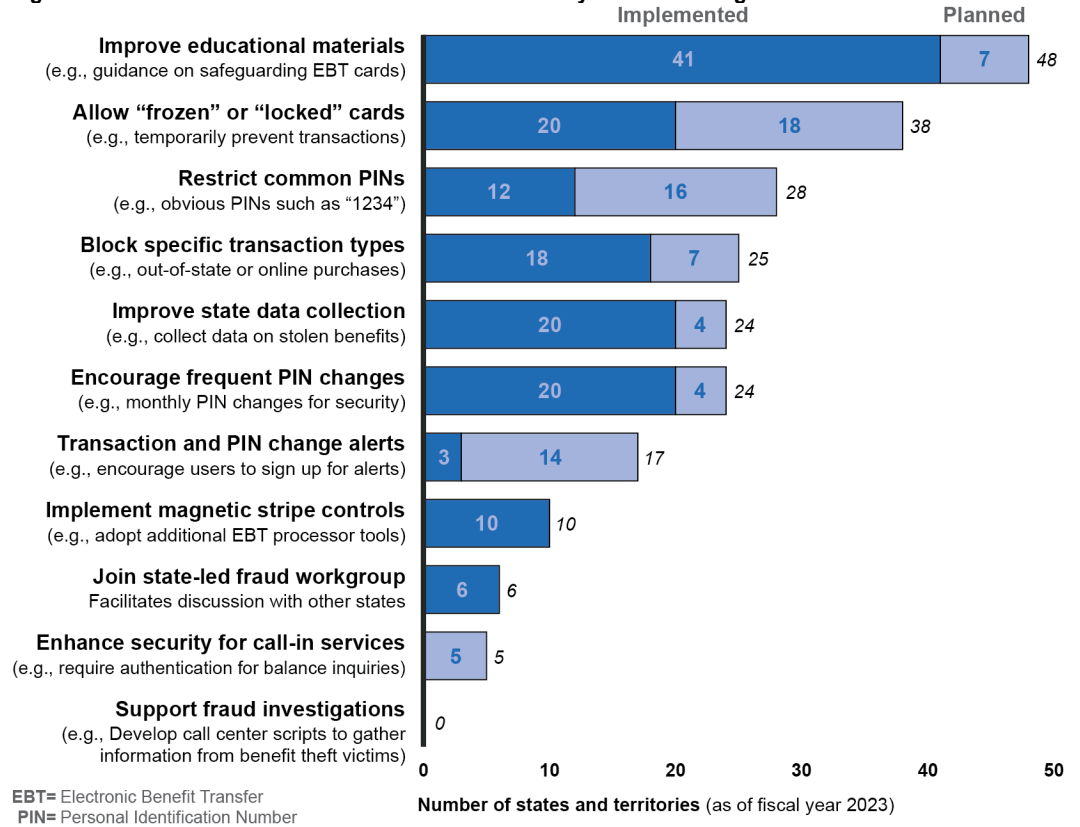
FNS also issued letters to SNAP Commissioners and Governors in October and November 2024, respectively, urging all states to adopt the new SNAP EBT standards and to procure chip cards. In these letters, FNS offered technical support and resources such as links to FNS's website for modernization and chip migration. Another available resource mentioned is the SNAP EBT Modernization Technical Assistance Center, which offers one-on-one support and other resources to retailers pursuing FNS modernization initiatives such as chip cards and mobile payments.

To what extent have state SNAP agencies implemented the benefit theft prevention measures FNS recommended?

We found states have adopted a variety of FNS's recommended card security measures, and adoption of certain measures appears to have increased over time. Specifically, in fiscal year 2023, state SNAP agencies were required to submit plans for the replacement of stolen benefits that described the theft prevention measures they had implemented or planned to implement based on FNS's October 2022 guidance. FNS provided general guidance and a template for the state plans, but state SNAP agencies had discretion on the information they included related to the use of benefit theft prevention measures.

Our analysis of the 53 state plans that FNS approved during fiscal year 2023 shows that, at the recipient level, the ability to freeze or lock cards was the most frequently included card security tool.¹⁴ Further, the ability to receive transaction and PIN change alerts was the least frequent (see fig. 4).

Figure 4: Benefit Theft Prevention Measures Identified by State SNAP Agencies in Fiscal Year 2023



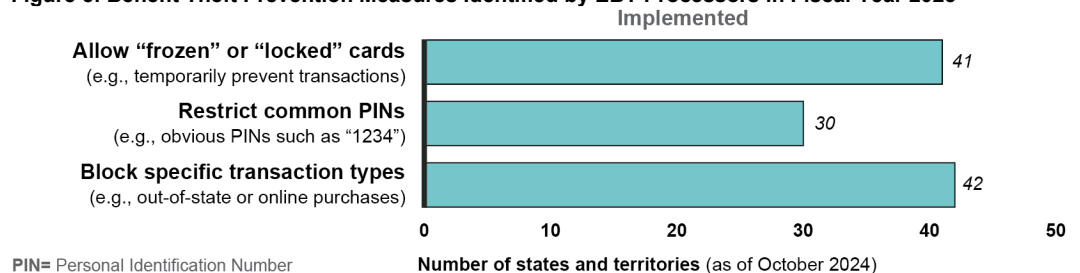
Source: GAO analysis of data reported by state Supplemental Nutrition Assistance Program (SNAP) agencies. | GAO-25-107964

Note: For fiscal year 2023, 53 state SNAP agencies (50 states, D.C, Guam, and Virgin Islands) reported this information to the Food and Nutrition Service (FNS) through state plans they submitted in accordance with the Consolidated Appropriations Act, 2023. In some cases, a state SNAP agency identified a prevention measure as both implemented and planned, such as improving educational materials. In this situation, we considered the state SNAP agency as implementing the prevention measure.

At the state level, improving educational materials was the most frequently included benefit theft prevention measure and supporting fraud investigations was the least frequent (with no states reporting such efforts in their plans). To support fraud investigations, state SNAP agencies were encouraged to work with EBT processors, state fraud investigations, and others to develop call center scripts to gather information from households reporting stolen benefits.

In fiscal year 2025, FNS obtained information from EBT processors about which states were implementing specific card security tools, including three that are commonly used in the debit and credit card industry, which it reported in its report to Congress (see fig. 5).¹⁵

Figure 5: Benefit Theft Prevention Measures Identified by EBT Processors in Fiscal Year 2025



Source: GAO analysis of data reported by Electronic Benefit Transfer (EBT) processors in October 2024. | GAO-25-107964

According to these data, the number of states that were restricting common PINs and allowing recipients to freeze or lock their SNAP EBT cards is generally consistent with the number of states that reported these measures in their fiscal year 2023 plans. However, the number of states that were blocking specific transactions increased from what states reported in their fiscal year 2023 plans. As of March 2025, FNS did not have cost estimates for various card security services because these costs depend on the EBT processor and the characteristics of the state being served, according to FNS officials.

To what extent has FNS assessed whether state SNAP agencies have implemented the benefit theft measures it recommended?

FNS has not comprehensively assessed the benefit theft prevention measures state SNAP agencies were implementing, including those it recommended. FNS's primary oversight mechanism—management evaluations—assesses some aspects of EBT-related processes and compliance with program regulations but does not validate whether state SNAP agencies are implementing benefit theft prevention measures.¹⁶

FNS officials said there were potential benefits to conducting such an assessment, including the opportunity to advise certain states that they could do more with available tools or to highlight underused tools.¹⁷ However, they also explained the agency has not done so because of competing priorities and resource constraints. Further, FNS officials identified potential challenges related to undertaking such an effort. For example, officials said FNS would need cooperation from EBT processors to collect current information on the various tools they offer, and which states have enabled them. They also said requesting additional data from state SNAP agencies would require Office of Management and Budget approval—whether through an information collection request or rulemaking. Also, officials noted that ensuring that states responded to FNS's data collection efforts and analyzing the data would require considerable agency resources.

However, as discussed earlier in this report, FNS previously cooperated with EBT processors to obtain some information. Further, although there are currently no regulations that require state SNAP agencies to use certain benefit theft prevention measures, data collection efforts could be built into management evaluations. FNS officials said it would be challenging to collect information for all 53 states through management evaluations more frequently than about once every 6 years because only a certain number are evaluated in a particular year. Even so, there could be value to beginning such an effort as soon as practicable.

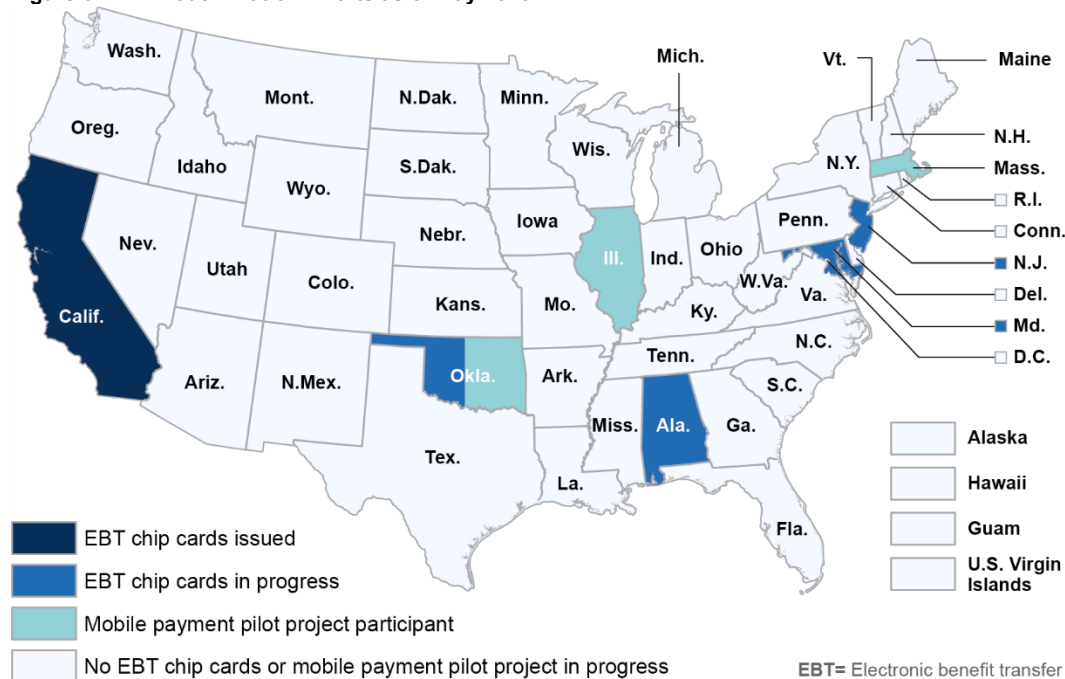
FNS officials said its fiscal year 2025 priorities emphasize taking swift action to reduce fraud, waste, and program abuse in addition to working toward the stewardship of benefit dollars through enhanced benefit security. Additionally, federal internal control standards require agencies to design control activities to mitigate risks to achieving the entity's objectives to acceptable levels.¹⁸ Such activities may include comparing actual performance to planned or expected results and analyzing significant differences. Without assessing the extent to which state SNAP agencies are implementing benefit theft prevention measures, FNS cannot be sure state SNAP agencies are implementing the measures it recommended.

Comprehensively assessing the extent to which state SNAP agencies are implementing the benefit theft prevention measures may help FNS target its technical assistance to states and ensure state SNAP agencies better manage their risks and help reduce fraud. Further, such an assessment may identify promising practices or other measures among states that FNS could share more broadly to help prevent SNAP EBT theft.

How many state SNAP agencies are adopting chip cards and contactless payment technology?

FNS has encouraged, but does not currently require, states to adopt more secure EBT payment methods, such as EBT chip cards. As of May 2025, one state—California—issued EBT chip cards to recipients (see fig. 6). California began replacing EBT magnetic stripe cards in January 2025 with upgraded cards that feature chips and contactless, or tap-to-pay, technology.¹⁹ According to FNS officials, California replaced all EBT magnetic stripe cards as of April 30, 2025. With this upgraded card, EBT recipients can make a purchase by inserting their card into a chip reader or tapping it on a contactless reader at compatible point-of-sale terminals.

Figure 6: EBT Modernization Efforts as of May 2025



Source: GAO analysis of Food and Nutrition Service (FNS) documentation and interviews with FNS officials. | GAO-25-107964

Note: According to FNS officials, Missouri and Louisiana were also originally approved to participate in FNS's payment pilot but withdrew because of resource constraints.

More states are planning to launch EBT chip cards soon or want to upgrade to them. Oklahoma and Maryland have ongoing EBT chip card implementation projects that are set to be completed in 2025, while New Jersey and Alabama plan to roll out EBT chip cards in 2026, according to FNS officials. According to the EBT processors we interviewed, over 20 states have expressed interest in adopting EBT chip cards.

As states transition to EBT chip cards, they may also have the option to introduce contactless EBT payments, such as tap-to-pay or mobile pay technology. As of May 2025, California plans to include tap-to-pay technology on its newly issued EBT chip cards, according to FNS officials. As previously discussed, FNS is developing a mobile payment pilot that will let EBT recipients make contactless payments with their mobile device instead of a physical EBT card. Currently, Illinois, Massachusetts, and Oklahoma plan to participate in this pilot.²⁰ A representative from one EBT processor identified contactless payment technology as the most secure payment option for EBT transactions, as a tap-to-pay enabled chip card or mobile device is never physically inserted into a point-of-sale terminal, where it could be skimmed.

FNS encourages, but does not require, retailers to have the necessary payment infrastructure to process EBT chip and contactless payments. According to FNS

officials, retailers must first upgrade their point-of-sale terminal software to process EBT chip and contactless transactions.

To help ensure access to benefits, FNS officials said retailers must be able to process EBT transactions using an EBT chip card's magnetic stripe if a retailer cannot process the transaction using the card's chip. For instance, retailers may need to use the magnetic stripe if they have not upgraded their terminals or if there is a problem reading a card's chip during a transaction. However, a representative from one EBT processor said the continued use of magnetic stripes would leave EBT chip recipients susceptible to the benefit theft that chip cards are intended to mitigate.

What factors affecting SNAP benefit security did stakeholders identify?

Representatives from stakeholder organizations with national perspectives on EBT systems, including EBT processors, as well as FNS officials we interviewed observed how SNAP benefit theft occurs and how it can be prevented.²¹ These officials identified several factors that could affect state and recipient efforts to protect benefits from theft, including the following:

Card security tool use. Card freezing and other card security tools, when available to recipients, are not widely used. Specifically, many of FNS's recommended card security tools rely on EBT recipients to opt-in to use them. However, FNS officials and representatives from several stakeholder organizations said few EBT recipients use these options because they are optional, perceived as difficult to enroll in, or are inaccessible if a recipient does not have a phone or computer. For example, the EBT processors we interviewed said there is low utilization of the card security tools they offer. While recipients can access these tools through the EBT processor's mobile application, they said 5 to 10 percent of EBT recipients used these apps.²² Additionally, one processor said card locking was the most used card security tool, but few recipients used the feature.

Theft prevention costs for states. Contracting additional EBT card security tools may be costly to state SNAP agencies. Representatives from the EBT processors we interviewed and FNS officials identified the cost of the EBT card security tools they offer as a challenge for states. Some card security tools recommended by FNS, such as common PIN blocking, were additional options state SNAP agencies had to pay for because they were not included as base services in their contracts with processors.

According to the EBT processors we interviewed, they incur costs to offer these security tools and have to pass the costs on to states. For example, certain real-time transaction monitoring services offered by EBT processors, such as sending EBT recipients transaction alerts, may result in additional costs for state SNAP agencies. An EBT processor representative said that one way state SNAP agencies could make the costs of new card security services more affordable is to share the costs with other states.

Pilot participation costs. States and the federal government generally split the cost of participating in FNS's pilot programs that intend to help address SNAP EBT theft equally, according to FNS officials.²³ As previously discussed, while FNS is preparing to launch a voluntary pilot program that would allow participating states to block online and out-of-state transactions by default, FNS officials said several states withdrew from the pilot due to additional costs. For example, according to a representative from one EBT processor, one state is set to pay approximately \$100,000 to participate in this pilot. FNS officials said SNAP

Fraud Framework Grants can also assist states with paying the additional costs to participate in these pilots.

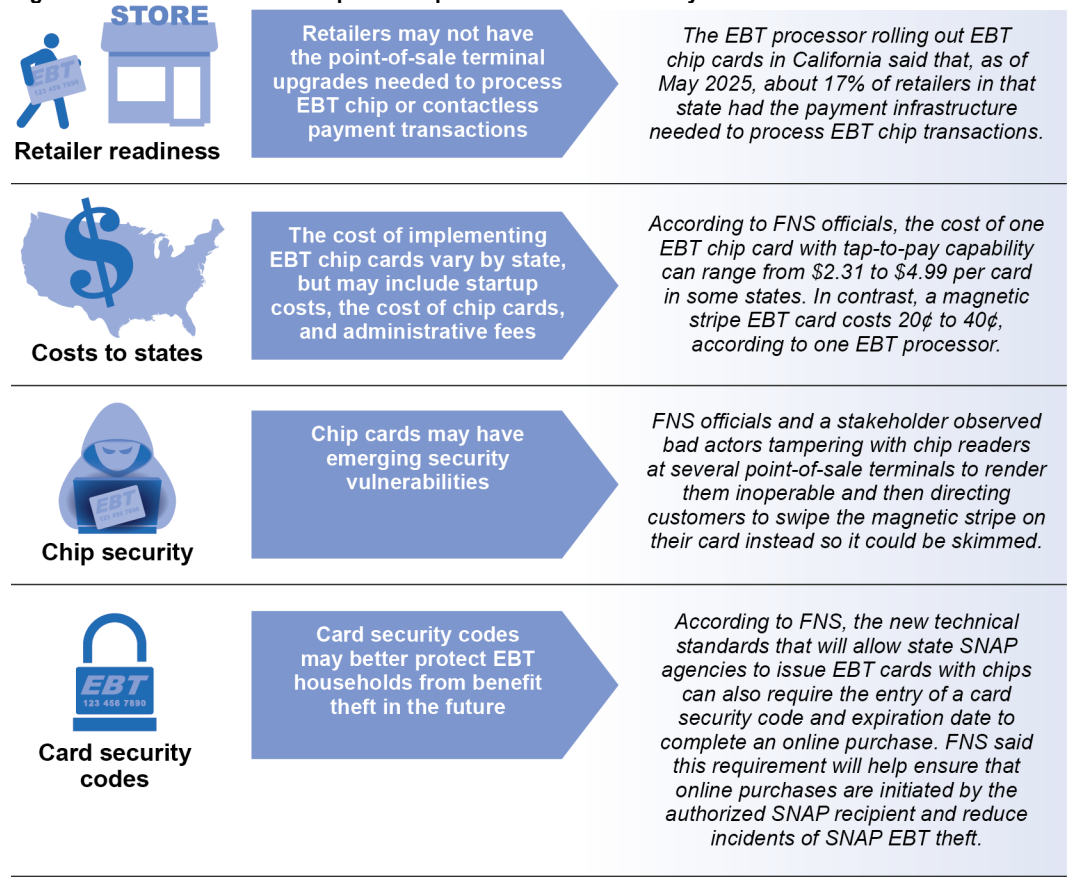
Compromised point-of-sale terminals. Exploitation of FNS numbers to defraud the SNAP program is an emerging fraud area. Specifically, our analysis of monthly EBT fraud calls found that several stakeholders observed thieves who illegally programmed point-of-sale terminals to pay themselves with stolen EBT benefits. One state SNAP agency official during a monthly fraud meeting reported a thief stealing \$60,000 in one morning using a method that involves hijacking a SNAP retailer's authentic FNS number. FNS officials said they allow state SNAP agencies to block compromised terminals, but FNS must approve the block first, which results in a delay that allows thieves to act, according to a representative from one EBT processor.²⁴

Card security requirements. State SNAP agencies are not currently required to implement card security measures, such as card freezing, that help prevent EBT theft. As a result, state agencies have discretion in the card security measures they choose to implement, including chip cards and those recommended by FNS's October 2022 guidance. Multiple stakeholders expect thieves will increasingly target EBT recipients in states that have not transitioned from magnetic stripe cards to chip cards, potentially leaving them more susceptible to benefit theft. As previously discussed, FNS is developing a proposed rule for publication in January 2026 that FNS officials said is expected to establish requirements and time frames for state agencies to upgrade to more secure payment technologies.

What factors have stakeholders identified as considerations for implementing EBT chip cards?

Stakeholders we interviewed and FNS officials identified multiple factors that may affect efforts to implement EBT chip cards, including retailer readiness, implementation costs to states, emerging security vulnerabilities, and incorporating card security codes (see fig. 7).

Figure 7: Considerations for Chip Card Implementation Identified by Stakeholders and FNS Officials



Source: GAO interviews with Food and Nutrition Service (FNS) officials, Electronic Benefit Transfer (EBT) processors, and one other stakeholder. | GAO-25-107964

Retailer readiness. Many retailers need to upgrade point-of-sale terminal software to accept EBT chip cards because these cards have different technical requirements for processing SNAP transactions when compared to debit card transactions. Several stakeholders said the cost for these upgrades may discourage retailers from upgrading. According to one EBT processor representative, the cost to retailers to upgrade their terminals can vary, but he observed independent retailers paying \$500 to \$1,000 and a larger retailer paying upwards of \$750,000 for its network of terminals. According to one EBT processor, most retailers have point-of-sale terminal hardware that can accept chip cards, but terminals used solely for SNAP transactions may not have this capability.

Costs to states. Implementation costs for adopting EBT chip cards vary by state and are shared between the state and the federal government.²⁵ FNS received EBT chip card adoption cost estimates from five states that ranged from \$2 million to \$11.5 million. In these states, FNS officials said state SNAP agencies may pay for their EBT chip card implementation costs upfront, and there may be recurring costs. FNS officials said a significant factor driving up EBT chip card adoption costs is the number of EBT recipients in a state.

Chip security. While FNS officials and several stakeholders expect EBT chip cards will be instrumental in preventing SNAP benefit theft, several stakeholders we interviewed identified security vulnerabilities that are already emerging with chip technology. A representative from a trade association said retailers are already strategizing to combat “shimmer” devices that can be added to chip readers at point-of-sale terminals to steal chip card data. For example, one retailer created a bracket for its terminals that does not allow shimmer devices to

be installed. According to another stakeholder, fraud schemes may make it necessary for the EBT industry to move past chip cards to a more modern payment standard like mobile payment.

Card security codes. Several stakeholders said a card security code could further protect EBT recipients from benefit theft when shopping online, something which is not currently required by FNS. A thief may not be able to complete an online SNAP purchase if prompted by an online retailer for a card security code and expiration date.²⁶ The two EBT processors we interviewed said they are generally only implementing card security codes on EBT chip cards because it would not be cost-effective to upgrade existing magnetic stripe cards. As of May 2025, California is the only state that is issuing EBT cards with card security codes, according to FNS and EBT processor representatives. However, one EBT processor noted that several states are currently planning to issue EBT cards with card security codes.

Conclusions

To help ensure that the nearly \$100 billion in SNAP benefits are used to help low-income recipients purchase food and not diverted to thieves, it is important for FNS to evaluate the integrity of the program, including the benefit theft prevention measures states are implementing. While FNS recommended benefit theft prevention measures for state SNAP agencies to implement, it lacks information about the take-up rate for these measures across states and any barriers to their full implementation and effectiveness. Having such information would help FNS better ensure states are taking steps to prevent SNAP EBT theft and address related implementation challenges.

Considering the costs that states may face in implementing effective controls and the low rates at which recipients currently opt in to those controls, FNS's ability to maintain awareness of states' implementation of benefit theft prevention measures through effective oversight will be critical to helping states manage fraud risks and is consistent with its fiscal year 2025 priorities related to enhancing benefit security and reducing fraud. As states continue to evaluate and implement SNAP EBT card security measures, which remain optional, it is incumbent upon FNS to assess the states' progress to ensure that the program's mission is consistently achieved across the country. Such an assessment will also provide FNS with opportunities to help state SNAP agencies mitigate fraud and prevent benefit theft, which could help ensure recipients have the means to access the food they require.

Recommendation for Executive Action

The Secretary of Agriculture should continually ensure that FNS comprehensively assesses the extent to which state SNAP agencies are implementing benefit theft prevention measures, including those it recommended, and use that assessment to consider how it can identify areas for improvement or additional assistance. Such an assessment could be carried out through existing mechanisms, such as through continued coordination with EBT processors or FNS's management evaluations that review states' EBT systems. (Recommendation 1)

Agency Comments

We provided a draft of this report to USDA for review and comment. USDA did not provide comments on the report.

How GAO Did This Study

To answer these questions, we conducted a content analysis, reviewed relevant USDA guidance and other documentation, and interviewed and obtained written

responses from USDA, EBT processors, and other knowledgeable stakeholders. We also reviewed relevant federal laws and regulations.

Content analysis. We analyzed current and planned benefit theft prevention measures from 53 state SNAP agency plans FNS reviewed and approved during fiscal year 2023—the only fiscal year in which state SNAP agencies were required to submit such plans to FNS. While we analyzed the contents of these plans, we did not interview state SNAP agencies to obtain their perspectives on these plans. We also analyzed data FNS collected from the four EBT processors regarding certain theft prevention measures state SNAP agencies had in place as of fiscal year 2025 (October 2024). We compared the data provided by EBT processors at the summary and individual state levels to what states reported in their state plans, in addition to interviewing EBT processors. We generally found the data from both sources to be consistent and reliable for comparing measures being implemented by state SNAP agencies during fiscal years 2023 and 2025.

Document review. We reviewed documentation related to SNAP benefit theft, including its October 2022 guidance on card skimming prevention and its SNAP replacement of stolen benefits dashboard. We also reviewed minutes that FNS provided from its regular fraud meetings with state SNAP agencies and other stakeholders from January 2023 through April 2025. In addition, we obtained information related to other efforts the agency has implemented at a national level that address SNAP EBT theft and discussed with FNS the authorities and time frames for implementing these efforts. We reviewed related findings from two USDA Office of Inspector General reviews regarding how FNS disburses SNAP benefits using the SNAP EBT system and fraud risk assessment processes. Finally, we confirmed with FNS officials the agency's priorities and goals for fiscal year 2025 related to the stewardship of federal funds through enhanced benefit security.

Interviews with federal officials and knowledgeable stakeholders. We interviewed officials from FNS and representatives from the two largest EBT processors that most state SNAP agencies contract with. We also obtained written responses from the third processor that serves one state. We did not obtain information from the fourth processor, which served one state, because it was in the process of shutting down its services according to FNS officials.

Lastly, we met with knowledgeable stakeholders from the following seven organizations: (1) National Association of Convenience Stores, (2) Merchant Advisory Group, (3) National Grocer's Association, (4) Food Research & Action Center, (5) American Public Human Services Association, (6) Propel, and (7) FMI, The Food Industry Association. We selected these organizations because they have national perspectives on EBT systems and measures that can help prevent SNAP benefit theft.

Including EBT processors and stakeholder organizations, we interviewed a total of nine stakeholders. Throughout the report, we use the following terms to refer to the number of stakeholders that expressed a particular viewpoint: "multiple" refers to two stakeholders, "several" refers to three to five stakeholders, and "many" refers to six to eight stakeholders. No more than eight stakeholders we interviewed expressed the same viewpoint. We use these broad descriptors due to variation in stakeholder types.

We conducted this performance audit from October 2024 to September 2025 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient,

appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

List of Addressees

The Honorable John Boozman
Chairman
The Honorable Amy Klobuchar
Ranking Member
Committee on Agriculture, Nutrition, and Forestry
United States Senate

The Honorable Glenn “GT” Thompson
Chairman
The Honorable Angie Craig
Ranking Member
Committee on Agriculture
House of Representatives

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Endnotes

¹In accordance with Public Law 119-21—commonly known as the One Big Beautiful Bill Act—beginning in fiscal year 2028, some state SNAP agencies with SNAP benefit payment error rates of 6 percent or more will be required to contribute varying amounts toward SNAP benefit costs. An Act To provide for reconciliation pursuant to title II of H. Con. Res. 14, Pub. L. No. 119-21, § 10105, 139 Stat. 72, 83-85 (2025).

²7 C.F.R. § 273.9. Household gross income at or below 130 percent of the federal poverty level is the standard income requirement to qualify for SNAP benefits for households that do not include a member 60 or older or disabled. States may also adopt broad-based categorical eligibility policies that expand automatic eligibility for SNAP to households that are eligible for or receiving benefits from another assistance program, which may apply to a larger group of low-income households.

³Pub. L. No. 119-21, § 10106, 139 Stat 72, 85.

⁴GAO has previously reported on various aspects of SNAP program integrity, including improper payment rates, recipient fraud, and retailer trafficking. Improper payments and fraud are two distinct concepts that are related, but not interchangeable. Fraud involves obtaining something of value through willful misrepresentation or making false or misleading statements in order to obtain benefits. Improper payments are payments that should not have been made or were made in an incorrect amount, including overpayments and underpayments. For more information, see GAO,

Improper Payments: USDA's Oversight of the Supplemental Nutrition Assistance Program, [GAO-24-107461](#) (Washington, D.C.: Sept. 26, 2024).

⁵For more information, see GAO, *Fraud Risk in Federal Programs: Continuing Threat from Organized Groups Since COVID-19*, [GAO-25-107508](#) (Washington, D.C.: July 10, 2025).

⁶USDA's Food and Nutrition Service (FNS) oversees SNAP and provides guidance and technical assistance to states. SNAP agencies in each state—and in some cases counties within a state—administer SNAP by determining household eligibility, calculating monthly benefits, and issuing benefits to eligible recipients. Additionally, certain U.S. territories and the District of Columbia have their own respective SNAP agencies. Throughout the report, we refer to the 50 states, the District of Columbia, Guam, and the U.S. Virgin Islands as “states.”

⁷According to FNS, state SNAP agencies had to have their plans approved by FNS before they could begin issuing SNAP replacement benefits using federal funds. As of October 19, 2023, FNS had approved plans submitted by all 53 state SNAP agencies. Guam was the only state SNAP agency that had not reported issuing replacement benefits as of May 29, 2025, when FNS last updated its nationwide stolen benefit replacement data.

⁸For more information about the roles and responsibilities of FNS and EBT processors, including the flow of federal funds, see U.S. Department of Agriculture, Office of Inspector General, *FNS SNAP: Disbursement of SNAP Benefits Using the EBT System*, 27801-0002-23 (April 14, 2025).

⁹The Electronic Funds Transfer Act prescribes the rights, liabilities, and responsibilities of consumers and financial institutions involved in electronic fund transfers.

¹⁰In August 2024, the Accredited Standards Committee X9, Inc. ratified and published revised technical standards for SNAP EBT cards, referred to as ASC X9.58. This committee is a nonprofit organization that develops and publishes electronic payment standards in the financial services industry.

¹¹The 10 state SNAP agencies are: (1) West Virginia Department of Human Services, (2) Montana Department of Public Health and Human Services, (3) Maine Department of Health and Human Services, (4) Texas Department of Health and Human Services Commission, (5) Illinois Department of Human Services, (6) Kentucky Cabinet for Health and Family Services, (7) Florida Department of Children and Families, (8) Mississippi Department of Human Services, (9) Michigan Health and Human Services, and (10) Minnesota Department of Human Services.

¹²In addition to SNAP, the October 2022 guidance was issued for Temporary Assistance for Needy Families (TANF) benefits, which are administered by the Department of Health and Human Services. TANF benefits are also stored on an EBT card and can be stolen using similar methods to those used on SNAP.

¹³In this guidance FNS recommended that states implement additional magnetic stripe safeguards and checks. For example, FNS suggested states require the validation of an EBT card's card authentication value. However, these values, which are embedded in an EBT card's magnetic stripe, are picked up when an EBT card is skimmed. This can make validating the EBT card's authentication value less effective as a benefit theft prevention measure. We did not assess the number of state SNAP agencies that identified this benefit theft prevention measure in their state plans because they did not consistently report this information.

¹⁴California's state plan was approved on October 19, 2023.

¹⁵As of October 2024, EBT processors also reported the number of state SNAP agencies that were validating the card authentication value. FNS officials said they also obtained similar information from EBT processors in 2022 and 2023.

¹⁶Management evaluations are conducted annually by each state SNAP agency. Additionally, FNS's regional offices conduct management evaluations that review the operations of each state SNAP agency about once every 6 years, according to FNS officials. In accordance with 7 C.F.R. § 275.3(a), FNS officials said they annually identify program operational areas state SNAP agencies and regional offices must target when conducting these evaluations.

¹⁷In May 2025, the USDA Office of Inspector General found that FNS has not comprehensively assessed SNAP fraud risks in adherence with the GAO Fraud Risk Management Framework, nor has it documented a prioritized approach to managing fraud risks. For more information, see U.S. Department of Agriculture, Office of Inspector General, *Food and Nutrition Service's Supplemental Nutrition Assistance Program Fraud Risk Assessments*, 27601-0001-24 (May 2025). Additionally, for a full description of the GAO Fraud Risk Management Framework, see GAO, *A Framework for Managing Fraud Risks in Federal Programs*, [GAO-15-593SP](#) (Washington, D.C.: July 28, 2015).

¹⁸GAO, *Standards for Internal Control in the Federal Government*, [GAO-25-107721](#). (Washington, D.C.: May 2025). Specifically, according to Principle 10.01, management should design control activities to mitigate risks to achieving the entity's objectives to acceptable levels.

¹⁹According to California's EBT processor, which facilitated the state's chip rollout, the state issued 4 million upgraded EBT cards in 8 weeks.

²⁰The Agriculture Improvement Act of 2018 directed the Secretary of Agriculture to authorize the use of mobile technologies for the purpose of accessing SNAP benefits. Under the Act, up to five states can partner with FNS to test mobile EBT payment technology. Pub. L. No. 115-334, tit. IV, § 4006(e)(2)(B), 132 Stat. 4490, 4635-36.

²¹In addition to the representatives from the nine stakeholder organizations we interviewed, we also analyzed stakeholder comments from FNS's monthly fraud meetings. For more information on the organizations we interviewed, see the "How GAO Did This Study" section of this report.

²²According to the two EBT processors we interviewed, EBT recipients can also access card security tools through a cardholder web portal.

²³As previously noted, beginning in fiscal year 2027, the rate of USDA reimbursement for state administrative costs will be reduced to 25 percent.

²⁴FNS officials said this approach helps ensure an authorized retailer is not inadvertently blocked from processing a SNAP transaction.

²⁵The transition to EBT chip cards is considered a state administrative expense that is reimbursed by USDA at 50 percent. As previously noted, beginning in fiscal year 2027, the rate of USDA reimbursement for state administrative costs will be reduced to 25 percent. Additionally, state SNAP agencies may be eligible to use SNAP Fraud Framework Grants to help fund an EBT chip card rollout. In fiscal year 2025, grant applicants could apply for up to \$750,000 in funding.

²⁶An EBT chip card's chip cannot be used for online transactions, but the card security code can be entered and validated.