



Fiscal Year 2027 Operating Budget

Administration- N00A01

Response to Department of Legislative Services Analysis

Senate Budget and Taxation Committee

Health and Human Services

Senator Cory McCray

February 20, 2026

House Appropriations Committee

Health and Social Services

Delegate Emily Shetty

February 18, 2026

Honorable Chair and members of the Subcommittee, my name is Rafael López, and I serve as the Secretary of the Maryland Department of Human Services (DHS). On behalf of DHS, I thank Governor Moore, Lieutenant Governor Miller, the Department of Budget and Management (DBM), and the Budget Committees for their support. We thank the Department of Legislative Services and its analyst, Connor Brown, for his assistance leading to today's hearing. Joining me at the table is Daniel Wait, Deputy Secretary for Talent and Customer Experience, Gloria Brown Burnett, Deputy Secretary for Operations, and Roman Napoli, Chief Financial Officer. We have senior members of our leadership team, including directors of our local departments of social services, present in the audience as well.

We are honored to serve more than one million Marylanders to empower them and to unlock opportunities. We serve to ensure all can reach their full potential by helping with preventive and supportive services, economic assistance, and meaningful connections to employment development and career opportunities.

Our team consists of our nearly 6,000 employees across the state, who are supported by our many partners in the communities we serve. Our 24 local departments of social services administer 80% of all activities in our \$3.8 billion budget. The DHS budget is almost 70% federally funded. To do this work well, we must deploy these resources strategically, and in partnership with our local departments of social services. For the past three years, we have intentionally focused on supporting our local offices, empowering them for success, and ensuring a statewide standard of excellence for all of our team.

Maryland Benefits

Beginning July 1, 2025, the DHS MD THINK platform was administratively transferred to the Maryland Department of Information Technology (DoIT). As part of this transfer, we renamed MD THINK to Maryland Benefits.

We continue to partner at every level with DoIT, the Maryland Department of Health, the Maryland Health Benefit Exchange, and other state agency partners, to improve our core platform technology, including the administration of our state Enrollment & Eligibility system (E&E). E&E, at its core, provides the eligibility evaluation for the Supplemental Nutrition Assistance Program, Medicaid, and other core public assistance benefits. This effort has been greatly strengthened with the launch of the Maryland Benefits One Application, which has enabled over 302,000 completed applications to date.

As part of this administrative transition, we will maintain and continue the development, in close coordination with Maryland Benefits, of the Child, Juvenile, and Adult Management System (CJAMS) and the Child Support Management System (CSMS). These efforts are housed within our Office of Technology for Human Services (OTHS), with deep links to each of our program units and local offices. We have spent 2025 and will continue in 2026 to strengthen the project management expertise of OTHS, and to build the organic ability of DHS to lead the design, development, and implementation work of CJAMS and CSMS, and their continued maintenance and operation.

A number of administrative personnel changes are reflected in the state fiscal year (FY) 2027 Governor's allowance to reflect these position transfers from DHS to DoIT, and internally to DHS. We are on track to fully complete this transfer by June 30, 2026.

DHS Administration Updates

1. Procure-to-Pay and Invoice Tracking System

We procured and are currently implementing a procure-to-pay system in 2025 that will take effect in July 2026. This system, through the OpenGov software platform, is intended for use while the broader state efforts to redevelop a new and improved eMaryland Marketplace Advantage (eMMA) and Financial Management Information System (FMIS) are underway. This work will complement and support those new systems' deployment, and ensure that DHS is able to respond effectively to the urgent needs of accurately and rapidly providing procurement, contract management, and invoicing approvals. We are on track to deliver the first phase for all agreements with more than \$50,000 in expenditures statewide this summer.

2. Vacancies

We have continued to rebuild state government in a responsive and fiscally responsible way. On January 1, 2023, we had a vacancy rate of 15.2%. On February 11, 2026, we had a vacancy rate of 7.16%, a decrease of 8.04 percentage points.

With the FY 2026 hiring freeze, we have been careful to recruit only for the highest priority customer service positions and critical administrative functions. Our social services, child support, and family investment caseworkers are exempted from the FY2026 hiring freeze.

Since January 2023, DHS has hired nearly 200 new Family Investment caseworkers and supervisors statewide, reducing our vacancy rate by almost three quarters from a peak of 19.4% in April 2022 to 4.62% on February 12, 2026. And it should be noted that the vacancy rate in these positions has been under 5% consistently since February 2025.

In our Social Services Administration, we have appointed a new SSA leadership team to centralize oversight, promote consistent statewide practices, and dramatically lowered our social services caseworker vacancy rate from over 17% in November 2022 to just over 6% in February 2026. Most importantly, we have increased our overall team experience by nearly two years from 9.54 years in November 2022 to 11.53 years today, which means that not only are we hiring staff, we are retaining them.

For all state job classifications exempted from the hiring freeze we are focused on continuous hiring to fill every vacancy. Statewide, we are deploying iterative, consistent training to ensure that all of our staff have the latest information.

3. Customer Experience Training

We developed and launched a new learning opportunity, "Cultivating Connection: Mastering the Art of Customer Experience" in Fall 2024. We are committed to building a world class customer experience culture where Marylanders are treated with the respect and dignity they deserve, and where we deliver solution-focused results with a "changemaker" spirit. This learning opportunity was mandatory training for all team members, including State merit, contractual, and county partners, and was designed to shift our culture from reactive interactions to a proactive commitment to empathy, effectiveness, and equity. We recognize that every customer is someone's loved one, and by anchoring our work in the Moore-Miller Administration values, we ensure that Marylanders are treated with the respect and dignity they deserve. Our goal is to create a seamless journey where every touchpoint we have with our customers contributes meaningfully to the well-being of those we serve.

As of February 2026, virtually every member of Team DHS has completed the Customer Experience training, fostering a shared spirit of accountability where we take responsibility for how we engage our customers. We are no longer just delivering services, we are building a culture where every employee has the authority and the empathy to make a lasting difference in the lives of Marylanders.

We are enhancing learning through the deployment of innovative AI-driven tools that support our training efforts, and to assist our staff by providing on demand information, while employing human-in-the-loop architecture that ensures that DHS team members are making the critical decisions that drive excellence in service to Marylanders. We are one of the largest agency users of Gemini through the Maryland Google Workspace environment, with over 75% of employees having used AI tools and more than 30% as regular users.

4. Customer Service Center

DHS transitioned to a new Customer Service Center vendor on August 1, 2024, successfully moving from contract award to implementation in six months. Since the implementation date, DHS has worked with our partner vendor to build performance both from a quantitative and qualitative lens to ensure that service level agreements that call for 90% of calls to be answered within 30 seconds are met, and that the answers provided to customers are accurate. As shown in Table 1, substantial progress has been made over the past 2 1/2 months, culminating for the period of January 26 - February 6, 2026 period, the customer service center had an average answer rate of 97% at a speed to answer of 1 minute, 26 seconds with over 62,580 customers served (Table 2).

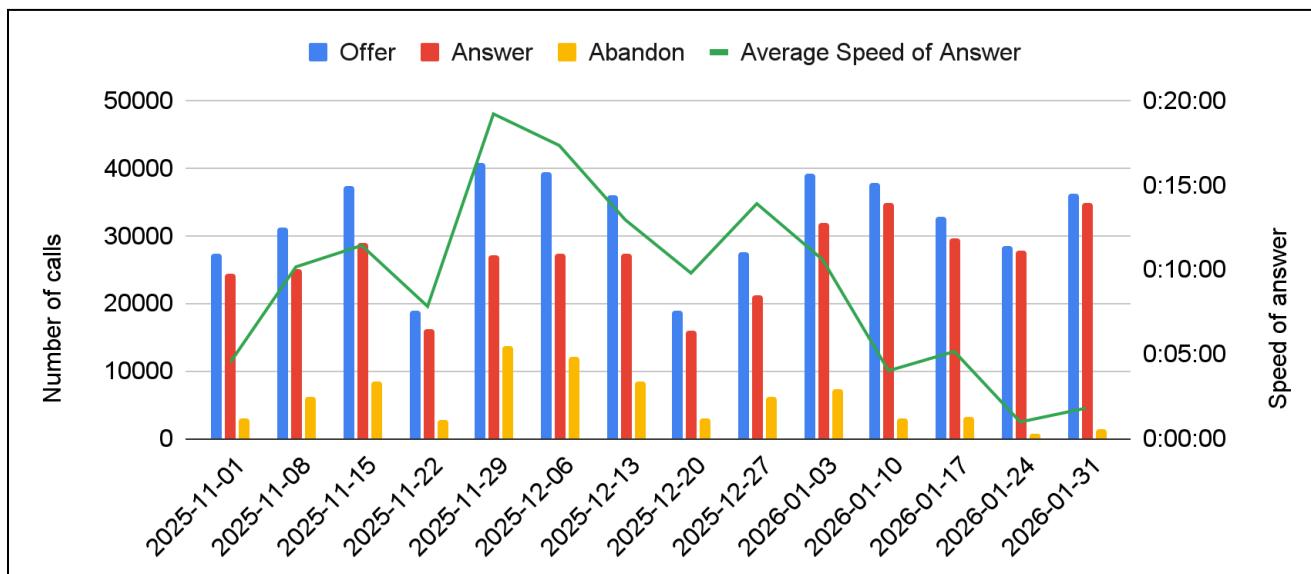


Table 1

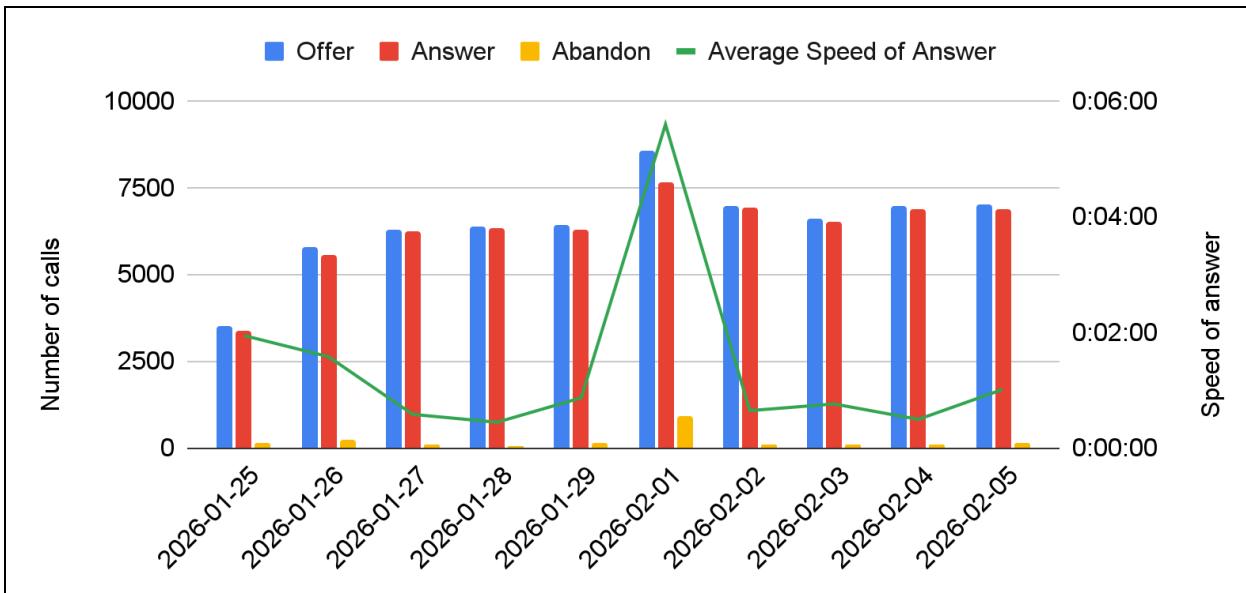


Table 2

We seek to maintain and improve our vendor's performance, and to deliver the continued customer experience enhancements that Marylanders deserve.

Response to DLS Analysis

- 1. The Department of Legislative Services (DLS) recommends deleting the \$7.5 million deficiency for call center services that utilizes special funds from the Electric Universal Services Program ratepayer surcharge at a level that exceeds the statutory maximum level of collections. Additionally, DLS will recommend deleting the \$1.9 million special fund deficiency in the Child Support Administration in the analysis for N00H00 – Child Support Administration to more closely align with DHS's projected expenditures. (pg. 10 of the DLS Analysis)***

DHS Response: We respectfully do not concur. The funding split for the Constituent Services Call Center (CSCC) contract must maintain a balance of general, special, and federal funds aligned to the grants and sources that fund it. DHS and DBM looked into this issue last year on the Electric Universal Services Program (EUSP), and agreed this technical error in the revenue source assigned to the deficiency would need to be corrected. Regardless, the special fund (SF) authority to fund the contract and operations must be maintained. DHS has safeguards in place to ensure EUSP funds are not overspent and other SF sources like the Child Support Reinvestment Fund contribute to the call center. We do not concur with cutting CSA as it is required to provide the services that are needed from the Call Center and it is part of correcting the FY 2026 allocation for the call center. DHS and DBM undertook a multi-step process to more accurately reflect the cost centers for the call center contract in FY 2026 and 2027. As a result, total call center spending across the agency decreased, though realigning funds to the correct cost centers meant some programs and fund types saw funding increases, while others saw decreases.

- 2. DLS recommends reducing DHS's fiscal 2027 appropriation by \$6.8 million to bring the allowance for the Constituent Services Call Center more in line with DHS's projected need. This reduction includes the deletion of \$3.4 million in special funds from the Universal Services Benefit Program. (pg. 12 of the DLS Analysis)***

DHS Response: DHS has already significantly recalibrated its funding for the Constituent Services Call Center (CSCC) and its related functions in FY 2027. Projected need is not solely defined by the current funding for the contract but planned improvements. Part of capturing the CSCC contract accurately is the realignment of funding sources and reductions in the topline dollar amount. The contract plus needed improvements are appropriately requested and aligned in FY 2027. Any further reductions will impact our ability to serve Marylanders and improve one of the primary tools in which they engage with the State government. As noted in the previous response, DHS has safeguards in place to ensure Universal Services

Benefit Program funds are not overspent and the agency is working with DBM to correct the technical error in the fund source named for this deficiency.

3. DHS should comment on plans to fill vacant positions, including the 7 positions within the Division of Budget, Finance, and Personnel that have been vacant more than one year. (pg. 13 of the DLS Analysis)

DHS Response: We have consistently concentrated on reducing all vacancies with DHS resulting in a reduction in overall vacancy rate by about 8 percentage points since January of 2023. Further, at that time we had over 200 positions throughout the Department that were vacant for one year or more. Today, throughout the Department, there are a total of 47 vacant positions for one year or more. Of the 12 positions identified in the DLS analysis as vacant on December 31, 2025, six have been filled. These six PINs are all part of the seven long term vacancies identified within the Division of Budget, Finance, and Personnel. The remaining positions have active recruitments and we anticipate they will be filled within the next 60 - 90 days.

We have recruited a new finance office leadership team in the past 3 months, to include a Chief Financial Officer, Budget Director, Deputy Budget Director for Budget Operations, Deputy Budget Director for Cost Allocation and Revenue Management, Senior Accounting Manager, and a Payroll lead. We will continue in the first half of 2026 to fill every critical vacancy in our Office of Budget and Finance.

4. DHS should comment on any impacts of the continued integration of [Maryland Benefits] operational duties on application development and maintenance and the roadmap for separating the applications. Additionally, DHS should comment on any programmatic impacts as well as how the agency is ensuring ongoing development needs are prioritized for these applications during this period of operational overlap. (pg. 15 of the DLS Analysis)

DHS Response: DHS and the Department of Information Technology (DoIT)'s Maryland Benefits platform are executing a detailed transition plan for CJAMS and CSMS that began in July 2025 and is scheduled to conclude in June 2026. The transition plan includes dedicated workstreams for Roadmap Management, Budget and Planning, Release Train & Planning, Cybersecurity Oversight, Staffing, Project Management, and Operations. We are paying close attention to risk reduction, and focused on ensuring a seamless continuity of operations and sustained systems development over the course of the transition. Detailed monthly updates are provided to all senior stakeholders from both DHS and DoIT.

5. DLS recommends reducing DHS's fiscal 2027 allowance by \$5.5 million to better align the appropriation for CJAMS and CSMS with DHS's projected need as stated in its submitted report. The appropriation after this action would be \$5.5 million above DHS's estimates for annual operating and maintenance costs for the applications. (pg. 17 of the DLS Analysis)

DHS Response: DHS does not concur with this reduction. The Operating and Maintenance costs for CJAMS and CSMS, which the DLS analysis cites, are only a portion of the costs anticipated for the two applications. They do not include the costs for development to address the backlog of critical functionality. We do not agree with the DLS statement that "major development work on both applications is projected to be completed in fiscal 2026," (page 15).

We expect to continue ongoing development through FY 2027 and beyond. Given the role of these technology applications as a solution to the root cause of many performance challenges for DHS, we need to continue the trajectory of getting better applications out to DHS staff and Maryland customers.

We will always prioritize critical enhancements and system improvements based on the available budget. However, further reductions will significantly harm the current operations of the system, slow development of new improvements, and impede any effort to respond to ever-changing requirements and or enhancements that improve the customer experience. Unbudgeted features would take more time, including extending to budget 'out' years. These systems are critical sources of data for DLS and other partners. Specific project features that would be at risk would include the CJAMS Caseload Priority Analysis Assessment tools, refinements to the CJAMS Provider Portal, CSMS work designed to increase timely release of funds to families, increased automation of our external interfaces to ensure CSMS data accuracy, and other priority items.

6. DHS should comment on the progress of switching EBT cards to the new chip-enabled cards. (pg. 19 of the DLS Analysis)

DHS Response: Our vendor partner, Fidelity Information Services (FIS), has begun implementing EMV chip card technology to strengthen safeguards that protect the State and our customers from EBT fraud and benefit theft. Work is currently underway and will be completed during the transition-in period, which concludes in May 2026, with the statewide EMV rollout scheduled for July 2026.

Upon completion, Maryland will support both contact EMV cards and "tap-and-go" technology, enabling cards to be waved or tapped near a contactless-enabled card

reader. For additional information, please refer to the communication being issued to Maryland retailers in February 2026, attached as Exhibit 1.

7. DHS should comment on the progress made in addressing repeat findings identified by OLA. (pg. 20 of the DLS Analysis)

DHS Response: DHS has intentionally pivoted from a reactive posture to a proactive, solution-oriented framework, in line with the [Governor's audit resolution direction](#). We have prioritized the identification of root causes rather than merely addressing individual audit exceptions in all of our legislative audits. Our strategy centers on high-impact changes that ensure consistency and accountability department-wide, including all 24 local jurisdictions.

Through direct partnership with the Governor's Office, the Maryland Department of Budget and Management, and the DHS Office of the Inspector General, DHS has institutionalized audit resolution as a permanent administrative and operational priority.

To address repeat findings, DHS has centralized oversight through a senior-level Audit Designee within the Secretary's Office who manages cross-program audit finding resolution. This role serves as a central point of integration, convening compliance leads from across the Department to ensure institutional cohesion and operational success. This structure ensures clear ownership and eliminates the silos that historically led to repeat findings. In addition, for each local department audit, we convene an audit resolution committee to develop clear objectives and identified actions to correct them. Where systemic fixes are needed, we prioritize the budget and operational actions needed to implement them, both at the program, and technical levels through our partnership with Maryland Benefits.

This leadership is supported by the Government Administration Steering (GAS) Committee, which tracks and resolves systemic findings related to the department's administrative backbone, including Fiscal, Procurement, IT, and Facilities. Simultaneously, Programmatic Compliance teams for SSA, FIA, and Child Support manage and resolve mission-critical findings through a multifaceted approach. This includes ongoing quality assurance reviews, targeted training, and specialized technical assistance.

Furthermore, these teams drive operational excellence through the development of comprehensive process guides, iterative policy revisions, and the integration of data analytics. These efforts are bolstered by continuous technological enhancements, such as automated system alerts and real-time compliance tracking, which proactively mitigate risks before they escalate into audit findings. Crucially, this

resolution process integrates direct input and frontline solutions from the local departments of social services to ensure that corrective actions are both practical and sustainable across the state.

While providing department-wide oversight of audit resolution, the Secretary has also instituted an individualized approach to assist each LDSS with resolving audit findings and ensuring compliance. Specifically, 30 days after the receipt of an audit report involving an LDSS, the Secretary meets with the respective Local DSS Director to offer assistance and gain an understanding of root causes and challenges, while maintaining accountability for all related parties. This has been an effective strategy for identifying and remedying challenges specific to local jurisdictions. For example, when an LDSS identified localized infrastructure and Wi-Fi connectivity as a barrier to compliance, the Office of Technology for Human Services (OTHS) was engaged to provide direct technical assistance and resolution.

As requested, please see these brief update notes on the Office of the Secretary audit report (August 1, 2019 - July 15, 2023):

1. **Finding 1 (Federal fund drawdowns):** We have addressed Recommendations 1A and 1B by reconciling quarterly programmatic caseload data with the cost allocation results on a quarterly basis. The updated process eliminated improper posting of expenditures to the incorrect fund in FMIS. We have completed Recommendation 1C by instituting additional oversight of end of year journal entries. All journal entries are now recorded and approved by senior budget leadership.
2. **Finding 2 (Federal fund reimbursement requests):** Addressed Recommendation 3a by confirming receipts of federal funds are recorded and filed with the original requests at the start of FY26. For recommendation 3b, DHS was able to show its FY2026 “accrued revenue” for FY 2025 and will continue to work with unresolved balances.
3. **Finding 3 (Federal fund reimbursements were allocated to the proper account):** We have addressed Recommendation 3A through improved quarterly cost allocation reconciliations that are approved at a senior official level. We continue to be vigilant and work through any prior year account balance issues, and have secured additional support in that effort.
4. **Finding 4 (Accrued federal fund revenue entries or subsequent recovery of the funds):** We are addressing Recommendations 4A, 4B, and 4C by working closely with DBM and GAD to identify any uncollectable amounts and adjusting FMIS accordingly, and we have increased staff to ensure that we can provide required documentation to support revenue transactions as required by GAD policies.

5. **Finding 5 (cybersecurity):** We have completed Recommendation 5A by June 12, 2025, and continue to work with the Department of Information Technology (DoIT) on Recommendation 5B.
6. **Finding 6 (cybersecurity):** We have completed Recommendation 6, and continue to exercise vigilance in line with DoIT guidelines and cybersecurity best practices.
7. **Finding 7 (eMMA contract publication):** We currently have an established recurring process that includes an intentional review of information in our procurement tracking system to ensure contracts are entered into eMMA in a timely manner and in accordance with State regulations. This process will continue under the new procure-to-pay system and is expected to further improve efficiency. We have completed the recommended action, and continue to monitor for compliance. We are in the middle of a transition to a new “procure-to-pay” information technology system for all DHS contracts and agreements (initially for all items over \$50,000) that will be in place by Summer 2026. See DGS Agenda Item 54-IT, 2.4, [August 27, 2025 Board of Public Works Agenda](#). This modern tool will standardize procurement and invoicing across all agency offices, give the Department of Human Services (DHS) real-time visibility, faster approvals, and stronger fiscal control, making tracking procurements and invoice processing more efficient and streamlined.
8. **Finding 8 (Payroll):** Completed. We have implemented the recommended procedures and continue to monitor for compliance.
9. **Finding 9 (Proactive corrective actions):** Ongoing - please note our shift to proactive audit compliance management in the introductory remarks of this response.

As requested, please see these brief update notes on the Local Department Operations audit report (February 19, 2021 - February 29, 2024):

1. **Finding 1 (Updates to Fiscal Manual and Contract & Procurement Monitoring):** We are completing edits to our fiscal manual and seek to issue the latest revision of the manual in early 2026. Please see notes above about our “procure-to-pay” procurement tracking system. We continuously revise fiscal disbursement and other fiscal authority documents as needed, and have been working with the State Treasurer’s office on various bank accounts and their controls.

In late 2025, we formally launched an agency-wide effort to strengthen and standardize contract monitoring. We distributed a draft Contract Monitoring Policy to managers and senior leadership to outline the forthcoming requirements, which are grounded in state regulations, and to solicit their feedback prior to final implementation. We recognize that the policy will improve how contract monitors carry out their responsibilities, and our goal is

to ensure clarity, consistency, and compliance across the agency. To support successful implementation, we will take a collaborative approach that includes establishing monthly touchpoints, providing targeted training, and equipping staff with the tools and resources necessary to effectively perform their contract monitoring duties. This coordinated effort reflects our commitment to improving oversight, accountability, and contract performance management.

- 2. Finding 2 (Deficiencies related to critical FIA policies):** Ongoing. We continue to revise our Action Transmittals to (A) ensure appropriate controls over EBT card inventories and statewide training, and (B) to improve on our SNAP payment error rate efforts. For more information on our SNAP Payment Error rate, please see this [February 3, 2026 briefing to the Senate Budget & Tax Committee \(from pdf page 15 - 22\)](#).
- 3. Finding 3 (LDSS deficiencies related to critical SSA policies):** As noted above, we have shifted to proactive audit compliance management. We continue to work through these issues on an ongoing basis. For more details, please see [our response to the SSA audit](#), and our [background SSA audit document to the Joint Audit Committee](#).

Response to DLS Operating Recommended Actions (pg. 21 of the DLS Analysis)

- 1. Reduce the fiscal 2027 appropriation for the Child, Juvenile, and Adult Management System and the Child Support Management System applications by \$5,542,089 to more closely align with anticipated ongoing operating and maintenance costs provided by the Department of Human Services.**

DHS Response: We respectfully do not concur. As we stated regarding response #5 above, assumptions about the development needs for CJAMS and CSMS are not supported by DHS and DoIT's planning and projected needs.

- 2. Add the following language to the general fund appropriation:**

“, -\$4,144,954 GF -\$1,397,135 FF provided that \$750,000 of this appropriation made for the purpose of general administration in the Office of the Secretary may not be expended until the Department of Human Services (DHS) submits a report detailing for the fiscal 2026 working appropriation as reflected during the 2026 legislative session and fiscal 2026 actual expenditures:

- (1) Assistance Payments program spending by public benefit program separately by program and fund source;**
- (2) Foster Care Maintenance Payments program spending by placement type including average monthly cases, average monthly placement costs, and expenditures, along with detail on flexible fund spending by type of spending with detail for the program by fund source;**
- (3) Temporary Assistance for Needy Families revenues, expenditures by program, and ending balance;**
- (4) special and federal fund sources of expenditures by program.**

The actual spending detail shall reconcile to information reported to the Comptroller of Maryland or include an explanation of why the information does not reconcile. The report shall also provide explanations of general fund reversions and special, federal, and reimbursable fund cancellations by program. In addition to the report submission, data shall be provided in an electronic format subject to the concurrence of the Department of Legislative Services. The report shall be submitted by September 30, 2026, and the budget committees shall have 45 days from the date of the receipt of the report to review and comment. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted.“

DHS Response: We concur with the request to have the report due on December 15, 2026 to allow for final FY 2026 reconciliations and better federal data. Reconciliation of federal funds generally requires additional time given recent lapses of federal appropriations at the end of the federal fiscal year.

3. Add the following language:

“, provided that \$6,827,422 of this appropriation, consisting of \$991,414 in general funds; \$5,002,945 in special funds; and \$833,063 in federal funds, made for the purpose of the Constituent Services Call Center is reduced. The Department of Human Services is authorized to allocate this reduction across programs. “

Total Net Change to Fiscal 2027 Allowance -\$12,369,511

DHS Response: DHS respectfully does not concur. The FY 2027 funding level included in the Governor's Allowance is specifically aligned to correct prior year allocation issues and supports the level of service provision and service improvements that Marylanders should expect.

4. ***Reduce special funds provided in a fiscal 2026 deficiency associated with the Constituent Services Call Center to more closely align with the agency's projected need and due to the special funds supporting this deficiency appropriation, when combined with other appropriations, exceeding the statutory level of revenue. -\$7,468,454 SF***

Total Net Change to Fiscal 2026 Deficiency -\$7,468,454

DHS Response: DHS respectfully does not concur. These specific cuts do not align with DHS' effort to realign FY 2026 and 2027 cost projections for the call center to the appropriate fund source types and cost centers. As noted previously, DHS and DBM worked together to carefully align call center funds in FY 2026 and FY 2027, correcting past alignment issues. As a result, some fund types and cost centers saw funding increases, while others saw decreases. DHS acknowledges that a technical error led to ESUP funds being listed as a revenue source for this deficiency, but maintains that the Special Fund authority remains necessary. If the Special Fund authority is reduced as proposed, it will directly reduce service capacity. DHS has safeguards in place to ensure EUSP funds are not overspent and is working with DBM to identify the appropriate special fund sources for the call center. These Special Funds allow DHS to correct an unattainable reliance on Federal Funds in the call center budget. The net corrections proposed by the Governor's Allowance already reduce the funding for the call center by \$16.8 million in FY 2026 across the agency.



DEPARTMENT OF HUMAN SERVICES

Wes Moore, Governor · Aruna Miller, Lt. Governor · Rafael López, Secretary

EXHIBIT 1

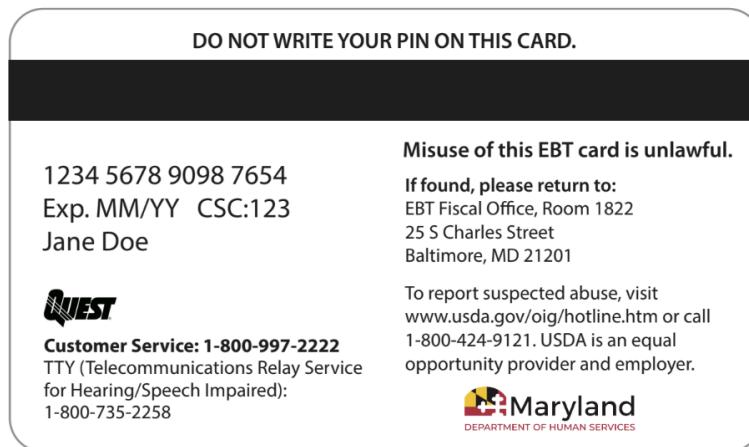
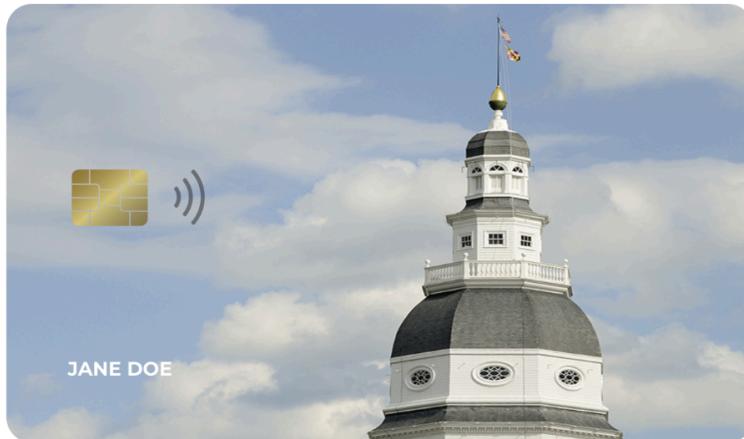
February 12, 2026

Attention: Maryland SNAP EBT Chip Cards Arriving July 2026!

The State of Maryland will begin issuing new electronic benefit transfer (EBT) cards starting in July 2026. These new cards, pictured below, will replace all current Maryland Independence cards. The new cards feature chip and tap technology designed to better protect benefits by making it significantly harder for criminals to copy card information or commit fraud.

What you need to know:

- The new SNAP EBT cards will have an EMV-enabled chip and a magnetic stripe.



- Your store's point-of-sale (POS) system must be updated to accept the new chip cards.

- If your POS system is not ready for these chip/tap cards, it needs to “fallback” to the magnetic stripe until chip support is fully available. This is called the Exception Control Log (ECL) fallback.
- Customers will still enter their PIN for purchases, even with chip or tap payments.

What you need to do:

1. Contact your POS service provider today. Ask if your POS system can handle EBT chip cards, and if not, allow ECL fallback to magnetic stripe.
2. Request your POS provider to update the system to accept SNAP EBT chip cards by **April 2026**.
3. Please inform your POS provider that the new chip cards include the following specifications:
 - o Contact and contactless (tap) technology
 - o New EBT Application Identifier (AID): **A0000000044542**
 - o 220 service code on Track II of the magstripe

If your POS service provider needs more information, tell them to contact their third-party processor (TPP).

Upcoming:

1. We will work with a handful of retailers to test their systems before the launch.
2. These selected retailers will receive advance notice detailing who will conduct the test, when the test will take place, and a copy of the testing script outlining the procedures.
3. We encourage management at the selected locations to coordinate with the local DHS tester to ensure safety, compliance, and support as needed.

Need help?

Technical assistance, FAQs, and additional information about SNAP EBT chip cards and modernization are listed below.

- Visit the SNAP EBT Modernization Technical Assistance Center FAQ:



<https://www.nationalgrocers.org/semtac/ebt-chip-cards/>

- Find SNAP EBT Chip Card technical resources and learn more about SNAP EBT modernization:



<https://www.fns.usda.gov/snap/ebt/modernization>

- Questions about this transition? Please contact:

RPMDHO-Web@fns.usda.gov
solutionscenter@nationalgrocers.org

Or visit:

<https://www.nationalgrocers.org/semtac/get-support-semtac/>

In service,



Rafael López
Secretary