

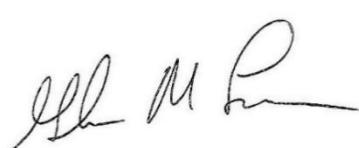
Government of the District of Columbia
Office of the Chief Financial Officer



Glen Lee
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Glen Lee
Chief Financial Officer 

DATE: December 10, 2025

SUBJECT: Fiscal Impact Statement – Public Benefits Security Amendment Act of 2025

REFERENCE: Bill 26-367, Draft Committee Print as provided to the Office of Revenue Analysis on December 9, 2025

Conclusion

Funds are not sufficient in the fiscal year 2026 through fiscal year 2029 budget and financial plan to implement the bill. The bill will cost \$1.4 million in fiscal year 2026 and \$5.1 million over the four-year financial plan.

Background

The Department of Human Services (DHS) currently provides public assistance benefits for the Supplemental Nutrition Assistance Program (SNAP) via cash or magnetic stripe electronic benefit transfer cards. Since March 2022, DHS has been processing claims of fraud associated with payments for SNAP and the Temporary Assistance for Needy Families (TANF) program and reimbursing stolen benefits to recipients. In fiscal year 2024, DHS reimbursed approximately \$1.9 million in stolen SNAP benefits and \$1.7 million in stolen TANF¹ benefits to the proper beneficiary.² DHS is not currently required to reimburse stolen benefits but has been doing so using federal funding through fiscal year 2025. As of October 1, the federal government no longer provides this funding.

¹ TANF accounts for nearly all of the cash benefits, but other smaller programs also have cash benefits, including the General Assistance for Children and Interim Disability Assistance.

² DHS replaces stolen benefits up to the lesser of either the amount of benefits that were stolen or the amount equal to two months of the recipient's monthly allotment immediately prior to the date when the benefits were deemed stolen.

The bill requires DHS to issue new electronic benefit transfer cards incorporating EMV technology to recipients who use cards for receiving public assistance by October 1, 2027. EMV technology is a standard of payment for cards that uses a microchip to provide more secure transactions and reduce fraud. DHS estimates the new cards will reduce reimbursements due to theft by about 75 percent. The bill requires DHS to apply to the U.S. Department of Agriculture to obtain administrative funding to support costs of the switch to the new microchip cards.

The bill also requires DHS to reimburse stolen benefits to individuals beginning October 1, 2027. Recipients must report stolen benefits to DHS within 45 days of discovery of the theft, and within six months of the theft occurrence. If DHS verifies a claim, the bill gives DHS 20 days to investigate the claim and either provide reimbursement of benefits, or an explanation of why the claim is not approved.

Lastly the bill extends the Flexible Rent Subsidy Pilot Program³ by one year to September 30, 2027.

Financial Plan Impact

Funds are not sufficient in the fiscal year 2026 through fiscal year 2029 budget and financial plan to implement the bill. The bill will cost \$1.4 million in fiscal year 2026 and \$5.1 million over the four-year financial plan.

Transferring to the new EMV card system requires a switch to a different payment network, which requires technical systems upgrades, and upgraded equipment. Estimates from DHS's current vendor for the one-time upgrade costs is approximately \$3.5 million. However, 50 percent of fiscal year 2026 costs, and 25 percent of fiscal year 2027 through 2029 costs are anticipated to be covered with federal funding. Costs in the chart below assume the federal support is approved. If federal funding is not approved, then the local fund cost impact would increase accordingly.

The requirement to provide reimbursements for stolen benefits must be locally funded. However, the requirement doesn't begin until fiscal year 2028, at which time the benefits of more secure EMV cards are expected to decrease stolen benefits by about 75 percent from current levels. The estimated costs beginning in fiscal year 2028 are in the chart below.

Extending the Flexible Rent Subsidy Pilot Program by one year does not have a fiscal impact.

³ D.C. Official Code § 4-756.05.

The Honorable Phil Mendelson

FIS: Bill 26-367, "Public Benefits Security Amendment Act of 2025," Draft Committee Print as provided to the Office of Revenue Analysis on December 9, 2025

Cost of Bill 26-367, Public Benefits Security Amendment Act of 2025 FY 2026 - FY 2029 (\$ in thousands)					
	FY 2026	FY 2027	FY 2028^(a)	FY 2029	Four-Year Total
Reimbursement of benefits estimate ^(a) (LOCAL COST)	\$0	\$0	\$2,031	\$724	\$2,755
Card technology system upgrades, and ongoing storage and maintenance ^(b) (LOCAL COST)	\$1,407	\$578	\$328	\$328	\$2,641
TOTAL COST	\$1,407	\$578	\$2,359	\$1,052	\$5,396

Table Notes:

- (a) The bill allows for reimbursement if the theft occurred up to six months prior to a claim. To account for this, FY 2028 benefit repayment estimates include costs for the second half of FY 2027, to be paid in FY 2028.
- (b) Only Local Fund costs are included, as the estimate assumes U.S. Department of Agriculture will cover 50 percent of required upgrades in fiscal year 2026 and 25 percent in fiscal years 2027 through 2029.