



UNITED COUNCIL^{ON} WELFARE FRAUD

TESTIMONY ON PROGRAM INTEGRITY FOR THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM

U.S. HOUSE OF REPRESENTATIVES

AGRICULTURE COMMITTEE

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Chairman Thompson, Ranking Member Scott, Members of the Committee, thank you for the opportunity to address you today. My name is Dawn Royal, I am a member of the United Council on Welfare Fraud, commonly referred to by its acronym, UCOWF. I am honored by the invitation to discuss the devastating problem of fraud that plagues the Supplemental Nutrition Assistance Program (SNAP) and advocate for simple changes in the Farm Bill that would substantially strengthen integrity.

The United Council on Welfare Fraud (UCOWF) is a non-partisan national professional organization dedicated to defending against the erosion of integrity in our nation's public assistance programs. We are the only national organization singularly focused on the detection, prevention, and prosecution of welfare fraud. We provide annual training on program integrity best practices, fraud trends, and the only professional certification in our field. Our membership spans State, County, and territory SNAP agencies and is comprised of over 1,000 program administrators, analysts, Inspectors General, investigators – both sworn and non-sworn – claims overpayment specialists, and quality control auditors.

I have served two terms as UCOWF's President, and currently co-Chair our Intergovernmental Committee which collaborates and educates the public, agency, and government leadership on welfare fraud. While I volunteer my time to promote UCOWF's vision, I work full-time as a state Certified Welfare Fraud Investigator. My day-to-day duties are investigating allegations of fraud, I am on the front line, and I am here today to talk about current, real-world fraud impacting SNAP every day. My subject matter expertise is the product of personal experience conducting numerous investigations, face to face discussions with other investigators and the analysis of data from the unique perspective of protecting the SNAP program feeding our most needy members of society while safeguarding our nation's taxpayer resources.

The United Council on Welfare Fraud has the steadfast belief that the United States cannot claim to be most powerful country in the world if its citizens are hungry. On this point, there can be no debate; the importance of a strong nutrition assistance program cannot be overstated.

Members of this Committee, it is the investigators throughout this country, who diligently work every day to detect, prevent and prosecute fraud that keeps SNAP strong. We identify and bring those who take unlawful advantage of the program into the light and hold them accountable for their actions. Unfortunately, we are overrun by those who leverage the compassion of the American taxpayers and steal the dollars allocated to this program with impunity.

Our nation's public assistance fraud investigators are roundly underfunded and insufficiently staffed to address the volume of suspected fraud; and most days, we know we are fighting an unwinnable battle. Not only do we face ever changing fraud schemes, but we often are crippled by antiquated regulations and agency bureaucracy.

FRAUD IN SNAP

SNAP fraud occurs in three ways:

- **ELIGIBILITY FRAUD** – Eligibility fraud is when an applicant provides false or incomplete information to obtain SNAP benefits for which they are ineligible. This occurs in both recipients and retailers. In SNAP, recipient eligibility fraud is the responsibility of the State and County program integrity staff, and violations result in disqualifications – one year for the first offender.¹ When someone does receive SNAP in two or more States in the same month or in two or more households within the same State, it is referred to as dual participation.²

The Burden of Proof in administrative disqualification hearings is set a Clear and Convincing, a higher threshold than any other government assistance program.³ In fact, it's easier to arrest a suspected violator with Probable Cause than it is to administratively prosecute. Retailer program eligibility is the responsibility of the United States Department of Agriculture (USDA) Food and Nutrition Service (FNS) national office. Retailer violations exceeding \$250,000 fall under the jurisdiction of the USDA Inspector General.

- **IDENTITY FRAUD** – The food assistance program, much like tax-refund fraud and unemployment insurance fraud exposed during the Pandemic Health Emergency, is targeted by both domestic and international fraudsters. With data breaches and the growing global modernization of foreign states and the proliferation of stolen Personal Identification Information (PII), SNAP now stands alone as the largest federal program with antiquated or non-existent anti-fraud measures. Unfortunately, these identity theft attacks occur in both recipient and retailers. This includes synthetic identity fraud, skimming of Electronic Benefit Transaction (EBT), and account takeover – which results in the loss of benefits for real legitimate SNAP recipients.
- **TRAFFICKING** – The exchange of SNAP benefits for anything other than eligible food items is referred to as trafficking. The most common example of this is when a recipient exchanges SNAP benefits for cash at a dishonest retailer. UCOWF members have also seen benefits trafficked for rent, firearms, narcotics, and human trafficking – and while those incidents may be uncommon, no instances are acceptable. Despite this form of fraud resulting from a quid-pro-quo transaction, retailers can be removed with a Preponderance of the Evidence. Even though it is the same incident, antiquated rules require the much higher Clear and Convincing evidential burden for recipients.⁴



COMMON SENSE MODERNIZATION OF REGULATIONS ARE NEEDED

There are simple measures that can be included in the Farm Bill that will give immediate and substantial assistance to fight the ever-increasing occurrences of fraud that have become epidemic in the program. Specifically, some measures or provisions include:

INCREASED RETENTION AMOUNTS WITH MANDATED USE

No incentives currently exist for SNAP agencies to detect and prevent fraud at the front-end.⁵ Current incentives only exist in the inefficient recovery of overpayments, also known as “pay and chase.” States retain either 20% (Inadvertent Household Errors/ Unproven Fraud) or 35% (Intentional Program Violation/fraud proven at administrative or criminal proceedings). Prior Farm Bills reduced this amount from 50% retained share of recoveries.⁶ Unfortunately, there are no mandates that require agencies reinvest their State share of recoveries into program integrity; and few do.

The August 2014 GAO report suggested that increasing this retention rate and restricting the use of retained funds to State agency anti-fraud activities could significantly enhance efforts to combat recipient trafficking, noting that the strategy “*may result in a net savings for SNAP if increased collections in payment recoveries outweigh the increased amount States receive in retentions.*”⁷ A decade later, nothing has changed.

GRANT OPPORTUNITIES

FNS spends 0.005% of appropriations on anti-fraud efforts. One twentieth of one percent. States are forced to carry the burden of protecting Federal assets/taxpayer monies with a 50% administration reimbursement rate. SNAP-Ed receives more money, half a billion dollars, at 100% Federal funding; yet State program integrity efforts receive no earmarks and require 50/50 State matching. While States can qualify for any number of annual performance bonuses totaling \$48 million, no such incentive award is issued for stopping or preventing fraud, waste, and abuse.⁸ States, reluctant to invest their limited resources to protect federal taxpayer resources, are put at a significant disadvantage when compared to other assistance programs.

The only grant program providing funds to States to combat fraud is the SNAP Fraud Framework Grant, established by Section 4029 of the 2014 Farm Bill – which awards up to \$750,000 to a single State out of the total \$5M appropriated.⁹ However, not all appropriations are distributed, and no grants were published or awarded in 2016 and 2017.¹⁰ This grant expires at the end of this federal fiscal year.¹¹

FRAUD DATA AND RATES

The question of how much fraud is a topic of much discussion and debate. FNS contends fraud rates of less than 1% and holds the program as a model of federal excellence. Anyone, including the public, can clearly see the numbers don’t add up. It is a matter of debate even amongst



UCOWF members across the nation with rates ranging from 8% to 40% of all households currently enrolled. One thing is clear – the fraud rate varies from County to County, State to State... but the numbers being bantered about by USDA FNS amount to nothing short of gaslighting.

A simple internet search for ‘SNAP fraud’ will reveal dozens of news stories with real examples. Last week in Michigan, three individuals were arrested in connection with stealing EBT benefits from 8,000 SNAP households from across the nation, mostly in California, and spending the benefits in Detroit Sam’s Club stores. While FNS monitors EBT transactions for fraud, they do not monitor large supermarkets, such as Sam’s Club. The number of stolen benefits was said to be \$4 million – but the actual amount is reportedly much higher.¹²

The issue is compounded by the mandatory quarterly reporting by State SNAP agencies in the FNS 366b (fraud reporting) and FNS 209 (claims recovery) reports. Simply put, the numbers are wrong. I am reticent to say this is intentional as USDA FNS does not publicly post this information online, and it takes months to get a FOIA response. This Committee can observe this issue for themselves by comparing the County and State submitted data to the FNS State Activity reports, which are grossly inaccurate as a simple review can attest.

According to the fiscal year 2020 FNS State Activity Report, California established almost 269,000 overpayment claims, but only 52 for fraud (note: California has a reported 5,245,040 persons on SNAP).¹³ However, contrast this with the 366b report submitted to FNS showing 28,407 cases of eligibility fraud that resulted in reduced or denied benefits.¹⁴ 2,279 were submitted for criminal prosecution or administrative disqualification equal to \$2.55 million in eligibility fraud claims. Yet California only established 52 fraud claims? That does not add up, and there is a clear disconnect between the data collected by States and reported by FNS. Using flawed data results in flawed statistics – such as claims of only .01%. This alone demands Congressional oversight inquiries and USDA OIG investigations.

The States themselves know the numbers are much higher. Commonwealth of Pennsylvania’s Inspector General *“told lawmakers during a recent budget hearing that the agency uncovered a 40% fraud rate among public assistance beneficiaries – primarily in the Supplemental Nutritional Assistance Program.”*¹⁵

Florida Medicaid and Public Assistance Fraud Task Force commissioned an independent study in 2012 on SNAP eligibility fraud in the State – omitting identity theft and trafficking – and found 7.5% of SNAP households were fraudulent. At today’s enrollment, this translates to 129,243 investigations. At current staffing levels, this amounts to 2,585 cases per investigator – a workload that would take Florida 51 years to complete.

MORE INVESTIGATIVE OVERSIGHT STAFFING

Nearly all State and County SNAP agencies are facing a shortage of eligibility workers currently focused on Unwinding and a backlog of certifications since the PHE ended. However, the worker shortage has hit the hardest in program integrity. Current antiquated regulations only require fraud detection units when an “area” exceeds 5,000 households – no standard in the amount of Program Integrity staff is defined - and the “area” can include the entire State.¹⁶

Staffing varies at the State level and is grossly deficient – some States only have a single fraud investigator. Fraud rates may appear low – but only because States lack staff and resources to address fraud prior to issuance. GAO has reported on this in a 2016 report – and while recipient rolls and program expenditures have drastically increased over the past 20 years, there have been few increases to staff dedicated in protecting SNAP.¹⁷ FNS must mandate a minimum ratio of Investigators to SNAP households.

NATIONAL ACCURACY CLEARINGHOUSE

Several southern States tested the concept of data sharing through the “buddy state” model as early as 2008 as a result of lessons learned operating D-SNAP programs following Hurricane Katrina. The establishment of the Partnership Fund for Program Integrity Innovation by the Office of Management and Budget (OMB) in 2010 created the opportunity for funding a more comprehensive solution.

The following year, OMB awarded the USDA FNS \$2.5 million with the goal of reducing improper payments that occur due to dual participation in SNAP. This grant funded the development of a searchable database – the National Accuracy Clearinghouse (NAC) – to support near real-time sharing of eligibility information. Subsequently, Mississippi was awarded the funding to lead the project on behalf of a consortium of contiguous States (also including Alabama, Florida, Georgia, and Louisiana, and most recently, Missouri).

A 2015 independent evaluation of NAC was provided to Congress showing success and the return on investment and cost savings to the program.¹⁸ The NAC found that dual participation across the five States was quite rare affecting roughly 0.1 percent of SNAP participants. However, the establishment of NAC did prevent dual participation, and the evaluation provided insights into best practices for States to use the data match most effectively. The CBO estimated that this provision will reduce SNAP spending by \$576 million from 2019 to 2028.¹⁹

In a 2018 press release, USDA wrote about the NAC stating, “*The NAC Strengthens SNAP integrity through the nationwide expansion of an interstate data match to prevent household receipt of benefits from more than one State and by requiring States to provide USDA with greater access to SNAP records for inspection and audit.*” Subsequently, the 2018 Farm Bill



required FNS to expand the NAC nationally to prevent duplicate simultaneous benefit issuance to the same individual in more than one State.

The 2018 Farm Bill mandated all States be actively participating in the NAC by December 31, 2021. Unfortunately, in 2021, FNS unilaterally decided to ignore Congress' directive by directing the Government Services Administration (GSA) 18F unit to construct a new and unproven pilot. This decision has delayed the implementation of this essential tool until 2027, a delay of more than six years costing the taxpayers an estimated \$2.5 billion dollars when adjusted for inflation and increases due to the Thrifty Food Plan.²⁰

We find this delay irresponsible, and the reasoning provided is ludicrous. This invaluable tool to end duplicate participation, established by Congress and signed into law, was ignored without adequate reasoning or replacement. We find the timeline created by FNS to deliver the version of the NAC they requested to be developed by GSA 18F to be a wholly unacceptable waste of resources.

FNS issued an Interim Final Rule (IFR) on the newly commissioned NAC on October 3, 2022.²¹ The IFR references to technology do not take into considerations the improvements in technology, matching, and security implemented in the original NAC pilot since 2015. The original NAC pilot resolved matching data models currently impeding the 18F technology as described in Department updates to Congress (such as special characters, hyphens, etc.) and omits any referential data checks to ensure proper matching to identifiable individuals.

The Congressional inclusion of the NAC expansion and mandate was based entirely on the successful NAC Pilot and impressive return on investment savings. The "new" NAC ignores lessons learned, and contradicts best practices realized by States administering disaster (D-SNAP) programs. In fact, the lead State (Mississippi) in the NAC pilot was not even consulted. Further, the current 5-year roll-out of the proposed 18F NAC ignores the intent and establishment of the Partnership Fund for Program Integrity Innovation by the Obama Administration's Office of Management and Budget in 2010.

A copy of the United Council on Welfare Fraud's response to the NAC Interim Final Rule is attached to the end of this testimony.

IDENTITY VERIFICATION

Identity fraud, synthetic identity fraud, and account takeover are impacting all States. Our UCOWF conversations with States confirm the issue not being a one-off individual State or County SNAP agency problem. The issue has been demonstrated across all public assistance programs and exposed more broadly during the pandemic. SNAP is one of the last government assistance programs that does not conduct remote identity verifications.



One State Unemployment Insurance agency found up to 500,000 bot attacks originating from transnational fraud rings in just one month. Why would identity thieves target SNAP? Well, there are several reasons.

First, there are no controls in place. Despite federal law requiring State agencies to verify an applicant's identity and other critical information prior to certifying the household to participate in SNAP, FNS issued a memorandum in 2019 giving States the option to use identity authentication tools. However, FNS provided overburdensome conditions and mandated that applicants can opt-out of online identity checks.²² The justification is due to an interpretation that regulations only require a name, address, and signature – regulations that go back to the creation of the food stamp program.²³

So [John Doe, homeless, and an 'X'] is all that is required to apply for SNAP. No date of birth. No Social Security Number (SSN). No identification or driver's license number. This creates an administrative burden to States, creates churn and delays issuance of benefits, and as we know firsthand, provides fraudsters an open door to access the system.

Yet eligibility requirements are clear.

“The State agency shall require that a household participating or applying for participation in SNAP provide the State agency with the social security number (SSN) of each household member or apply for one before certification. If individuals have more than one number, all numbers shall be required. The State agency shall explain to applicants and participants that refusal or failure without good cause to provide an SSN will result in disqualification of the individual for whom an SSN is not obtained.”²⁴

FNS publicly provides this information to the public on their website.²⁵

Requiring the SSN on the application is commonsense and does not impose an additional condition of eligibility. Modernization of the regulations demand that this be addressed. Failing to include the SSN has a broader impact to program integrity and introduces waste, fraud, and abuse into the program. For example, anyone receiving Social Security Income in California is ineligible for SNAP – SSI payments have been specifically increased to include the value of SNAP.²⁶ However, California does not require SSNs to apply or be certified for SNAP, making cross-program data checks extremely difficult – if they are done at all.

But that single, mandatory eligibility requirement does not just impact California. Without SSNs, you cannot efficiently conduct mandatory data matches against the Electronic Disqualified Recipient System (eDRS, to check for disqualified and ineligible recipients)²⁷, the Social Security Administration Death Master File (DMF), or the Income Eligibility and Verification System (IEVS).²⁸

Further, States cannot do duplicate participation checks under current regulations, which state:

*“Each State agency shall establish a system to assure that no individual participates more than once in a month, in more than one jurisdiction, or in more than one household within the State in SNAP. To identify such individuals, **the system shall use names and social security numbers at a minimum**, and other identifiers such as birth dates or addresses as appropriate. [emphasis added]”²⁹*

Without addressing these shortcomings, UCOWF fears that fraud will become the face of this program – not the assistance it provides for the overwhelming majority of law-abiding eligible recipients. Mandating identity verification that does not require opt-out, can be done in a way that aligns with best industry standards and provides benefits to eligible recipients more quickly, ensures program integrity, and increases access to the program with reduced administrative burden in identification requirements. We eagerly await modernization in application requirements.

Second, the lack of identity verification tools is impacted by antiquated eligibility systems – State systems that lack modular human-centered design. The Urban Institute researched state modernization projects and the use of the \$1.15 billion in additional SNAP administrative funding to help State agencies address these antiquated systems. Program Integrity was one of the authorized use cases to access these funds. 7 States listed Program Integrity initiatives in their use of funds (CT, MI, NE, NM, PA, UT, WA).³⁰

FNS defines Program Integrity as, *“Improving stewardship of federal money by reducing recipient fraud, reducing retailer fraud, ensuring accurate eligibility determinations, and reducing improper payments.”* UCOWF believes accurate eligibility determinations is primarily an administrative function – doing your job correctly. Reviewing the use of ARPA funds, only two States had legitimate anti-fraud initiatives – Pennsylvania (resources for the Inspector General) and Utah (asset testing/verification).

Third, SNAP is a target for identity thieves due to the siloing and restrictions on recipient data sharing. Regulations, which still exist in a pre-9/11 condition, spell out the strict sharing of information of SNAP household information.³¹ You cannot share information with law enforcement for exigent circumstances, including the preservation of life. Nor can you conduct data matches with the National Center for Missing and Exploited Children to locate kids currently in the system. And we’ve all heard about the stories of SNAP funds going to terrorists, who refer to the program as the *“Jihadist’s Allowance.”*³²

There are no prohibitions against anyone on the terrorist watch list or no-fly list receiving SNAP – and Homeland Security is prohibited from accessing recipient information. Had this not been



the case, the government would have been able to obtain information on the 9/11 hijackers – but that never happened. Addressing data sharing in today’s world climate provides a safer nation, and efforts to combat this can only be viewed as anti-American. Common sense reform can balance the protection of personal information against any shortcomings.

Physical and digital identity verifications that go beyond knowledge-based authentication questions are private sector best practices. While we strongly encourage and endorse stronger program integrity guidelines, we are reticent as it relates to facial recognition technology and the potential bias that currently exists in the technology. Asset verifications, wage and employment verifications, and incarceration checks are readily available. Many States are introducing State legislation to fill the lack of federal efforts.³³

Use of both digital and physical identity referential data allows State agencies to quickly identify risky applications (such as originating from foreign countries) as well as quickly identifying known-GOOD applicants. Effective identity authentication reduces the time to get benefits to eligible applicants, resulting in lower administrative costs.

“EBT SKIMMING”

Recent news articles related to fraud within public assistance programs (SNAP, TANF, WIC) have focused on “EBT Skimming.” Both FNS/ACF and individual SNAP/TANF agencies have issued numerous client education materials aimed at informing genuine needy clients as to how to spot a card skimmer. Yet the epidemic continues, and it goes much farther than fake devices placed on a credit card point-of-sale device to capture EBT card numbers and PINs. Skimmers have historically and predominately been found on ATM and gas pumps targeting credit and debit cards. Recently, this trend has expanded to large supermarkets and big box stores; unfortunately, FNS does not monitor transactions for fraud at these retailers. And while guidance has been issued on replacing stolen benefits, nothing is being done to prevent it.³⁴

SNAP recipients are having their benefits stolen and drained by fraudsters who gain access to the account in what is commonly referred to as “Account Take-Over” Account Take-Over (ATO) has been an issue for decades; anyone who has had funds suddenly drained from a debit card knows this. Credit card companies notify clients of suspicious transactions and monitor overseas purchases. Card skimming devices are but one tool in the arsenal of fraudsters looking to make an easy buck. But now it’s hitting the most vulnerable in society. Texas recently has directed recipients to change their PIN regularly and to freeze/unfreeze their card to prevent ATOs.³⁵ California, long struggling with the issue, even provided numbers related to the depth of this problem: \$84 million in anticipated 2023 losses just for TANF in CalWorks.³⁶

Call Centers remain the number one target of opportunity for identity thieves as they can hide behind the anonymity of (spoofed) phone numbers to social engineer and scam call takers. Due



to high call volumes, staff shortfalls, and the expense it takes to identify callers, operators continue to fall back on Name, DOB, SSN, and a validating question (address, name of a child on account, etc.). Unfortunately, every identity fraudster has this information on hand. Call centers remain a major vulnerability where clients (and fraudsters) can change account information, change addresses, order new cards, or offset PINs. Improving call center identity solutions and a federally mandated standard for States and EBT vendors is sorely needed.

Customer Service Portals have been critical to providing enhanced access to recipients to check balances, reset PINs, get balance inquiries, or confirm when benefits will be loaded onto a card. Online portals lack sufficient safeguards that can confirm the person accessing the portal is the client. Interactive Voice Response phone systems (IVRs) commonly only require the last four digits of an SSN, a DOB, and sometimes a case number to access client accounts or to determine benefit balances. Few States check the phone number in the IVR, but no (known) State agencies check for spoofed numbers, Voice Over Internet Protocols (VOIPs), or SIM swaps.

Online identity verification still presents the best opportunity to prevent synthetic identities in the US banking system (estimated at 5 million) and to verify legitimate recipients accessing or applying for benefits. It remains the best method to stop EBT skimming/ATO.

Additional methods of ATO impacting the SNAP program include card tumbling, third party apps that claim to provide additional coupons or assistance, common PIN numbers, cloned point-of-sale (POS) devices, and bot attacks. Bot Attacks are on the rise as the unemployment insurance industry discovered during the PHE. International fraud rings, criminal groups and state sponsored terror groups were responsible for massive bot attacks, whether it is only several hundred a day, or millions as some States discovered.

Without safeguards, automated bot scripts slamming States and County application sites are creating massive backlogs in requests for information, referrals to call centers, and delays in receiving benefits. And worse, the bot attacks are combining the tactics above and create a fail-proof way of ATOs. Every State with an online customer service portal or application must have bot-detection tools. To our knowledge, none do – all must rely upon EBT vendors for assistance.

Instead of relying upon a hungry, marginalized SNAP recipient being responsible to change their PINS monthly, freezing their PIN, or opting to prohibit out of State transactions³⁷, Congress must demand FNS enact measures to stop ATO. A common-sense start would be for States to turn off Out of State (OOS) transactions and allow recipients to change it if circumstances require it. Two free refills only encourage otherwise legitimate households to traffic (or empty) their accounts and then falsely claim they were victimized.

This crime of opportunity is made even more attractive to fraudsters when you consider SNAP High Balances. UCOWF is aware of EBT balances exceeding \$15,000 in every State.

RETAILER FRAUD

Retailer integrity is a known issue, and UCOWF is not here to criticize FNS for its handling of the retailer process, nor on the USDA Office of Inspector General's gross understaffing issues. However, modernization of SNAP requires an overhaul of the retailer integrity processes currently in place. This isn't new – a 2019 GAO report found as much as \$4.7 billion in retailer trafficking fraud (back when SNAP expenditures were \$64 billion per year).³⁸

FNS lacks the authority to do any effective business integrity/oversight of SNAP retailers. The most recent retailer trafficking data showed 18-20% of all small businesses trafficked SNAP. Some of these businesses are represented by lobbying firms pushing for hot food allowances. Effective oversight of the 250,000 SNAP approved retailers is sorely needed, particularly as they expand approved businesses to sell benefits online.

While we addressed the lack of SSN mandates in recipients, the problem is far worse with retailers. In a January 2017 USDA OIG report, 3,394 stores were found to have deceased owners and 193 retailers approved using PII for minors (under 18 years old). FNS addressed this barrier, stating, "*FNS recognizes the value in conducting a DMF match on an on-going basis. As such, should FNS be granted future authority to use SSN for matching purposes, FNS will match to the SSA DMF using SSN on an on-going basis.*"³⁹ To date, FNS does not verify retailer submitted SSNs nor match against the SSA DMF due to this statutory restriction. Fixing this would require modification to the Social Security Act.⁴⁰

States are given no input on retailers operating in their own State. FNS does not check to see if a business is even licensed (and paying taxes), if they have been debarred from other programs (such as State lottery), or if the business owner has criminal background and/or active arrest warrants at the local/State level. One of my UCOWF colleagues refers to FNS retailer oversight as "*dumping their trash on our lawns and then complaining about the smell.*" But he's correct in that the failure to provide effective and efficient federal oversight on retailers shifts the burden on States to chase after every person who committed fraud and abuse against SNAP rules.

Either allow States input on who can operate as a SNAP retailer in their jurisdiction or give FNS the authority to do what is required. Conversely, if modifications of the Social Security Act prove too cumbersome to give FNS the needed authority, at least require advance notice and time for the States to conduct appropriate reviews. This is not a new issue - a July 2013 USDA OIG report repeated an earlier recommendation to perform background checks, and FNS agreed to initiate rulemaking to require applicants to provide a "self-initiated" background check. This never occurred – however, if it did, it would only be another self-attested verification by the



retailer applicant. Today, retailers can submit forged/Photoshopped information to meet requirements, yet FNS lacks authority to conduct any meaningful oversight.⁴¹

Better retailer controls would reduce recipient fraud. Failure to address retailer integrity has a massive impact on States. An independent survey of 76 State and County SNAP agencies found that it costs up to \$4.40 for every dollar of SNAP fraud.⁴² It's time FNS cleaned up this mess.

CONFLICTING REGULATION LANGUAGE

There are specific regulations that continue to frustrate investigators' efforts and have required FNS to issue clarification memos. Unfortunately, the clarification memos create confusion between States and FNS Regional Offices, and UCOWF has been asked by members to address several of these here.

Regulations state, *“Except as provided under paragraph (B)(1)(iii) of this section, an individual found to have made a fraudulent statement or representation with respect to the identity or place of residence of the individual in order to receive multiple SNAP benefits simultaneously shall be ineligible to participate in the Program for a period of 10 years.”*⁴³

FNS guidance in Attachment 13 to Policy Letter 13-02 states, *“The real issue is whether or not the client fraudulently represented their situation or if they made an innocent mistake. If it is a mistake with no intent to commit fraud and they thought their case file in the first State was closed, then there is no penalty. If they fraudulently represented their circumstances by claiming two addresses in order to get benefits in two places, then it is duplicate participation, and the penalty is ten years. It does not matter that the names and addresses are not correct when the **intent** is to collect two benefit payments (duplicate participation). The one-year penalty is not a factor in this situation.”*

The clarification is not uniformly used; and in fact, as part of an integrity audit, one regional office demanded a State reduce the 10-year penalty issued in the Administrative Disqualification Hearing decision to a 1-year penalty.

Regulations define claims against households and state; *“A recipient claim is an amount owed because benefits that are overpaid,”* and, *“This claim is a Federal debt subject to this and other regulations governing Federal debts The State agency must establish and collect any claim by following these regulations.”*⁴⁴

In conflict with these two regulations, FNS issued Attachment 4 to Policy Letter 89-03 that dictates, *“Categorical eligibility is based on a household receiving or being authorized to receive AFDC or Supplemental Security Income payments. The household's eligibility for these payments is not relevant for food stamp purposes. Therefore, since the household was correctly determined*



to be categorically eligible based on receipt of AFDC, there is no over issuance for food stamp purposes and no claim is established.”

The FNS policy guidance directly conflicts with regulations and has contributed to confusion and weakened program integrity.

IN SUMMARY

Investigators detect, prevent, and prosecute fraud so taxpayers do not lose faith in this critical program. It is an ugly truth, that if there is a source of money or benefits, people will try to steal it. It is the dedication of every welfare fraud investigator, working on behalf of the taxpayers, that provides the backbone of SNAP and continually upholds program integrity.

The United Council on Welfare Fraud can only do so much. SNAP integrity is underfunded, understaffed, and widely ignored. We adamantly disagree with USDA FNS’ unbending 15-year assertion that the fraud rate in SNAP is less than 1%. The above information references the wide-ranging attacks that continue to hit SNAP at all flanks; and yet, with all the different fraud schemes that continue to erode SNAP, USDA FNS perpetuates the message that SNAP is the only federal program with a negligible fraud rate.

States need funding for additional personnel to adequately staff fraud units at all levels. States need funding to access and leverage technology to confront the sophisticated fraudsters who victimize recipients. We need common sense regulations that prevent fraud and work towards its elimination instead of continually frustrating investigations with antiquated rules and incongruent application. Deficiencies in program integrity have been a long-standing issue not addressed in past Farm Bills and largely ignored by the USDA. We cannot afford to continue to kick the can four more years down the road. On behalf of the front-line workers across the nation and on behalf of the United Council on Welfare Fraud, I implore you to fix these issues now.

We appreciate the opportunity to address these issues and the invitation to appear before Congress today.

Thank you.



ADDITIONAL ANTIQUATED REGULATIONS REQUIRING FARM BILL MODERNIZATION

UCOWF members from across the nation have shared concerns about outdated regulations. We are sharing these issues and suggested remedies:

- Recipients are permitted to refuse to cooperate with an administrative fraud investigation. Yet, failure to cooperate with a Quality Control review will result in recipients being removed from the SNAP program. Subjects refusing to participate in administrative fraud investigations or respond to questions should be removed from the program. [https://www.ecfr.gov/current/title-7/subtitle-B/chapter-II/subchapter-C/part-275/subpart-C/#p-275.12\(g\)\(1\)\(ii\)](https://www.ecfr.gov/current/title-7/subtitle-B/chapter-II/subchapter-C/part-275/subpart-C/#p-275.12(g)(1)(ii)). The same issue extends to administrative hearings. [https://www.ecfr.gov/current/title-7/subtitle-B/chapter-II/subchapter-C/part-273/subpart-F/section-273.16#p-273.16\(e\)\(2\)\(iii\)](https://www.ecfr.gov/current/title-7/subtitle-B/chapter-II/subchapter-C/part-273/subpart-F/section-273.16#p-273.16(e)(2)(iii))
- Recipients are given Miranda Rights, even in non-custodial administrative investigations. Miranda, as the Supreme Court has ruled, is for criminal interviews and interrogations of persons in law enforcement custody or control. [https://www.ecfr.gov/current/title-7/subtitle-B/chapter-II/subchapter-C/part-273/subpart-F/section-273.16#p-273.16\(f\)\(1\)\(ii\)\(B\)](https://www.ecfr.gov/current/title-7/subtitle-B/chapter-II/subchapter-C/part-273/subpart-F/section-273.16#p-273.16(f)(1)(ii)(B))
- Third Party Processors are enabling fraudulent activity. Collusion between dishonest retailers and TPPs have been documented by the USDA OIG. Due to past Farm Bills, FNS no longer bears any responsibility for oversight of the TPPs and Point of Sale (POS) devices. That responsibility is given to the retailer. As such, TPP POS devices do not transmit geolocation data. FNS cannot reliably determine the physical location of devices involved in SNAP transactions and balance inquiries – they are anywhere in the world. Congress is encouraged to address this as States can no longer say benefits are being used in the location FNS has approved, including globally.

“SNAP-authorized retailers need to conduct their own research and due diligence when selecting a TPP and should review the cost of leasing or purchasing equipment and services to make the best choice for their business.”

<https://fns-prod.azureedge.us/sites/default/files/resource-files/SNAP-EBT-TPP-Information.pdf>
- Fraudulent Retailers are not added to the federal System for Award Management website by FNS for debarment despite Presidential Executive Order 12549 and 7 US Code 2209(j). See 2 CFR 180, 2 CFR 417, and <https://www.fns.usda.gov/snap/retailer-sanctions-debarment-disqualified-firms>.
- Retailers removed from the program are not added to the electronic disqualified recipient system (eDRS). Business owners should be disqualified from being a recipient for a period for violating SNAP rules, same as a recipient.
- There are no regulations prohibiting a retail owner from receiving personal SNAP benefits and spending them in their own stores.
- Retailers should be immediately suspended when administrative or criminal activity is alleged, like the Medicaid program. Fraud is not an entitlement for businesses.
- Disaster SNAP guidelines have not been updated in nearly a decade (2014), are woefully outdated in policy and practice, and should be codified in federal regulations.
- Self-attestation is the general rule when it comes to verifying eligibility criteria and should be reviewed for consistency and relevance in a modernized SNAP program.



- FNS currently prohibits States to automatically deny an applicant when they self-declare information that makes them ineligible. For example, if an applicant declares their monthly income is higher than the limit, States must contact the applicant to verify/ double-check that the information provided by the applicant is in fact true before denying the application. This is an unnecessary workload for State eligibility staff and is expensive to notice applicants who have already self-declared themselves ineligible.
- FNS must mandate that States protect online application and public portals are safeguarded from bot-attacks.
- FNS has information on all individuals who have been disqualified from the food assistance program in the Electronic Disqualified Recipient System (eDRS), and they share this data with all States; however, FNS does not allow States to act on the information. States are required to double check with the State where the disqualification originated and verify the data to determine that all processes were completed correctly in the originating State. As States are required to upload accurate disqualification data, this is an unnecessary administrative burden for eligibility staff who spend time researching and attempting to communicate with other State staff to reverify the data – yet FNS accepts this data without question. FNS places a huge burden on States to scrub this data, but they accept it at face value from States. eDRS data should be considered Verified Upon Receipt, and any clients who feel it is not accurate still have Due Process procedures in Fair Hearing requests.
- FNS does not allow States to close a SNAP case or application when they receive undeliverable returned mail unless the State chooses to act on all changes reported to the State. It's an all or nothing policy. Once approved, clients no longer must report most household circumstances unless it adversely affected their benefit eligibility – they were approved and frozen for a 6-month certification at a set benefit amount. Not having to report an address change, even to another State, is included in that policy but should be addressed as a stand-alone regulation. Failure to report an address change does not adversely affect a benefit amount; recipients should be required to report their residency since States are seriously challenged in their ability to remain in contact with its recipients/clients. The policy also leads to fraud and over-payments when recipients receive benefits in more than one State at a time. Additionally, FNS does not allow the State to use Post Office information to determine (in)valid addresses. FNS requires the State to send correspondence to applicants/recipients to known bad addresses that ultimately get returned – a waste of postage and State administrative resources.
- Eligibility staff receive numerous data exchanges on a daily, weekly, and monthly frequency. Many data exchanges are not verified upon receipt and many times contain outdated information, i.e., Prisoner Information exchanges. The 2014 Farm Bill requires States to check the National Directory of New Hires (NDNH) before approval which also has a cost; States must pay \$30,000 per year or more for this marginally beneficial data. The information received from the NDNH is often no longer relevant to the recipient's current circumstances and/or is discovered in the interview. The requirement for staff to process these data exchange does not have a beneficial impact on the recipient/applicant's case, has a direct cost to the State by invoice, and costs the State's precious staff time to research without any realization of return.



UNITED COUNCIL ON WELFARE FRAUD COMMENTS ON NAC INTERIM FINAL RULE



December 2, 2022

Chief Maribelle Balbes
State Administration Branch
Program Accountability and Administration Division
Food & Nutrition Service, USDA
1320 Braddock Place, 5th Floor
Alexandria, VA 22314

<Sent via email to SM.FN.SNAPSAB@usda.gov>

Dear Chief Maribelle Balbes:

The United Council on Welfare Fraud (UCOWF) appreciates the opportunity to comment on the USDA Food and Nutrition Service (Department) second's posted Interim Final Rule (IFR) on the National Accuracy Clearinghouse (NAC) (Federal Register Vol. 87, No. 190, dated October 3, 2022).

UCOWF is a national professional organization of investigators, administrators and claims and recovery specialists who are on the frontlines combatting welfare fraud in our public assistance programs. Our members come from across the country at the local, county and state agency level who work every day to protect the integrity of these critical programs and safeguard taxpayer resources. In addition to reinforcing public confidence and ensuring benefits are not diverted from our society's neediest citizens, we strive to bring a cohesive voice to these efforts and share best practices in the prevention, detection and prosecution of welfare fraud.

It is with a clear goal of enhanced program integrity that UCOWF shares the following comments and concerns on the 28-page IFR.

1. The intent of the Agriculture Act of 2018 ("Farm Bill") creation of the NAC has been ignored. The delays in implementing the NAC, as directed by the Farm Bill, result in significant waste by the Department.
2. The proposed IFR limits administrative flexibility granted to state agencies, fails to consider best practices currently in place, and conflicts with existing laws and regulations.

First, the intent of the 2018 Farm Bill duplicate participation mandate to the Department to implement the original NAC pilot program has been ignored and position the elimination of duplicate participation as a new initiative. Instead, the Department created justifications that codify legal interpretations of existing regulations into this IFR.

United Council on Welfare Fraud, Inc., P.O. Box 164, Westmoreland, KS 66549 * (785) 477-5424 * <http://www.ucowf.net>



**UNITED COUNCIL
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The “new” NAC currently under production amounts to “recreating the wheel” and delays the mandate of full nationwide implementation by 6 years (from 2021 to 2027). These delays by the Department will result in unacceptable waste, considering:

- The savings in the original NAC Pilot report to Congress range from \$53.8m to \$193.4m, averaging \$114m.¹
- Adjusted for inflation and increases to SNAP allotments through the Thrifty Food Plan, anticipated annual savings are currently up to \$309.5 million per year.

It can therefore be concluded that the decision to delay the roll-out of the Farm Bill mandate for this new and unproven NAC totals approximately \$1.85 billion dollars. Adjusting for compounding inflation at current rates brings the total outlay waste from this decision and IFR to an approximately forecasted \$2.5 billion by FY2028.

The 2018 Farm Bill did not intend for the Department to introduce waste or to “start over.”²

Section 4011 of the 2018 Farm Bill require the IFR “incorporate best practices and lessons learned from the pilot program.” The IFR fails at this requirement. The IFR references to the original NAC pilot do not take into considerations improvements in technology made to security, workflows, or matching that have been implemented since the 2015 report to Congress.³ Further, recommendations from the original pilot were ignored and neither the lead state (Mississippi) nor technological experts involved in the original NAC pilot were utilized or consulted as recommended to Congress.⁴

“The five NAC pilot states have implemented the tool in significantly differently ways and have realized different levels of success. Those that have achieved superior outcomes provide a set of best practices that should be considered as use of the NAC continues in the current states and as expansion beyond the pilot is explored. Furthermore, the pilot states have learned lessons that should be heeded by any state—current or future—intending to use the NAC.”

The IFR conflicts with current regulations and codifies legal interpretation more appropriate in Department guidance memorandums.

¹ <https://www.fns.usda.gov/snap/nac-evaluation-final-report> National Accuracy Clearinghouse Evaluation, Final Report (Oct 2015). See also the Congressional Budget Office 10-year cost estimate savings (outlays) of \$588 million referenced by the Center on Budget and Policy Priorities, <https://www.cbpp.org/sites/default/files/atoms/files/6-11-18fa.pdf>. Adjusted for inflation using the savings based on 2014 data, \$1 in 2014 costs \$1.26 in 2022. Numbers are then \$67.8, \$243.7m, and \$143.6m, respectively. <https://www.usinflationcalculator.com/>

² <https://www.congress.gov/congressional-report/117th-congress/senate-report/34/1> S. Rept., 117-3421 November 2022, p. 106, states: “The Committee continues to support the implementation of the National Accuracy Clearinghouse (NAC). The Committee directs the Department to move forward with the NAC to prevent duplicative issuance of SNAP benefits and improve program integrity. When the USDA implements and expands the NAC, the Committee urges the Department to allow States to use a blended workforce including contractors and subcontractors that have the capability to use complex match technology with multiple data elements and administer a robust appeals process to ensure individuals are not automatically removed from receiving benefits.”

³ National Accuracy Clearinghouse Evaluation, Final Report (Oct 2015)

⁴ Ibid., page 6





- The language and justifications for rule modifications and creation in this IFR apply to Simplified Reporting (SR) and assume all states will choose SR as a state administrative option.
- The original waiver used by the original NAC pilot was only necessary due to FNS legal interpretation that the state-to-state dual participation checks are not Verified Upon Receipt.⁴ The proposed IFR and workflows attempt to consider a duplicate application “unclear information.” Instead, this IFR would best be constructed to address deficiencies in the SR flexibilities.
- Current regulations §272.4(e) already address state monitoring of duplicate participation, which data can be used, and that monitoring can be done at times determined by the state agency. Proposed modifications to Rule that further reduce state flexibility and best practices are improper. This IFR also ignores questions on nearly all state agency SNAP applications that specifically asks the applicant if they are currently receiving SNAP benefits.
- Identity information is provided by the household. Legal interpretation that considers state to state duplicate participation checks as verified information (verified upon receipt) should be considered, making the majority of this IFR unnecessary.
- The IFR concerns with technical security in sharing or sending applicant provided SSN information can be resolved without the creation of this IFR and conflict with other FNS practices (such as sending and storing PII in eDRS, information transmitted to EBT vendors, matches with Treasury Offset Program, the CMS Federally Facilitated Marketplace (Medicaid Hub), SSA Prisoner and Death Master File exchanges, as well as other public assistance program best practices (ex. Unemployment Insurance Integrity Data Hub).
- This IFR contains references to a current regulation that does not exist; see §273.12(c)(9).

Finally, the administrative burden to state agencies do not address the “Big Bang” or address state agencies currently implementing duplicate participation checks under the NAC pilot.

For the above referenced concerns, the UCOWF feels these proposed regulations should be withdrawn and the Department reconsider their decision on rolling out what can only be viewed as another (unproven) pilot.

Sincerely,

Andrew Petitt, President
United Council on Welfare Fraud

⁴ The IFR states, “The existing regulations prevent States from contact with the acting on NAC data matches before their next scheduled household, so States participating in the NAC pilot operate under an administrative waiver [§ 272.3(c); 17(b)(1) of the Food and Nutrition Act of 2008].”



REFERENCES

¹ <https://www.ecfr.gov/current/title-7/subtitle-B/chapter-II/subchapter-C/part-273/subpart-F/section-273.16>

² [https://www.ecfr.gov/current/title-7/subtitle-B/chapter-II/subchapter-C/part-272/section-272.4#p-272.4\(e\)](https://www.ecfr.gov/current/title-7/subtitle-B/chapter-II/subchapter-C/part-272/section-272.4#p-272.4(e))

³ [https://www.ecfr.gov/current/title-7/subtitle-B/chapter-II/subchapter-C/part-273/subpart-F/section-273.16#p-273.16\(e\)\(6\)](https://www.ecfr.gov/current/title-7/subtitle-B/chapter-II/subchapter-C/part-273/subpart-F/section-273.16#p-273.16(e)(6))

⁴ <https://crsreports.congress.gov/product/pdf/R/R45147> 2018 Congressional Research Service report: “Errors and Fraud in the Supplemental Nutrition Assistance Program”, pp. 37-38:

“Retailer and recipient trafficking proceedings have different burdens of proof; therefore, governments will not necessarily prevail in both cases with the same evidence. Accepting SNAP benefits as a form of payment is not an entitlement for retailers. To disqualify a SNAP retailer for a violation of SNAP rules, USDA-FNS must only meet a lower-level burden of proof—the “preponderance of the evidence” standard. Receiving SNAP benefits is an entitlement for eligible individuals. To disqualify a SNAP recipient for fraud, a state agency must meet a higher-level burden of proof—the “clear and convincing evidence” standard. This means that evidence deemed sufficient to prove retailer trafficking may not be sufficient to prove recipient trafficking. Indeed, over 84% of the USDA-FNS retailer trafficking cases that resulted in a permanent disqualification in FY2016 relied primarily on an analysis of suspicious transaction patterns based on Anti-fraud Locator using EBT Retailer Transactions (ALERT) system data. These EBT transaction data, on their own, are not generally considered sufficient grounds for the disqualification of SNAP recipients. For this reason, state agencies often have difficulty disqualifying recipients whose EBT cards were used in transactions flagged as trafficking by ALERT transaction data analysis, absent other evidence of recipient trafficking.”

UCOWF contends that recipient trafficking fraud should **not** be an entitlement and should use the preponderance standard as other entitlement programs.

⁵ 2014 GAO report: Despite the US Government Accountability Office recommendations for FNS to explore ways that federal incentives can better support cost effective state anti-fraud activities nearly a decade ago, nothing has changed. See <https://www.gao.gov/products/gao-14-641>

⁶ Historically, the State retention rates have changed several times. Prior to October 1, 1990, IPV retention was 50%. Afterwards and until September 30, 1995, the rate was reduced to 25%. The rate was changed back to 50% until January 1, 2001, when the 35% rate was established. Some States reinvest the retained percentage of collections into their integrity programs; however, FNS does not provide guidance or mandates for States to do so. This results in the recoveries (State revenue) being diverted to pay for competing priorities and not reinvested back into program integrity initiatives, similar to guidance on the use of SNAP QC performance bonuses (Section 4021).

⁷ <https://www.gao.gov/assets/gao-14-641.pdf> p.15

⁸ [https://www.ecfr.gov/current/title-7/subtitle-B/chapter-II/subchapter-C/part-275/subpart-G/section-275.24#p-275.24\(a\)\(1\)](https://www.ecfr.gov/current/title-7/subtitle-B/chapter-II/subchapter-C/part-275/subpart-G/section-275.24#p-275.24(a)(1))

⁹ The SNAP Fraud Framework contains FNS guidance on best practices for states to follow for program integrity activities. The Framework was released in 2018. Despite intentions it would exist as a living document, it has never been updated.

¹⁰ <https://crsreports.congress.gov/product/pdf/R/R45147>

¹¹ <https://www.fns.usda.gov/grant/snap-fraud-framework-implementation>

¹² <https://www.msn.com/en-us/news/us/michigan-catches-4m-of-food-stamp-fraud-mum-on-fraud-scope/ar-AA1c4rX7>

¹³ <https://fns-prod.azureedge.us/sites/default/files/resource-files/FY20-state-activity-report.pdf>

¹⁴ UCOWF Freedom of Information Act request to FNS for FFY2020

¹⁵ https://www.bradfordera.com/news/key-pa-budget-negotiator-hopes-for-welfare-fraud-compromise/article_560351bf-6e3e-5beb-8177-18282b864774.html

¹⁶ [https://www.ecfr.gov/current/title-7/subtitle-B/chapter-II/subchapter-C/part-272/section-272.4#p-272.4\(g\)](https://www.ecfr.gov/current/title-7/subtitle-B/chapter-II/subchapter-C/part-272/section-272.4#p-272.4(g))



¹⁷ <https://www.gao.gov/assets/gao-16-719t.pdf>

¹⁸ <https://fns-prod.azureedge.us/sites/default/files/resource-files/nac-pilot-evaluation.pdf>

¹⁹ <https://www.ers.usda.gov/agriculture-improvement-act-of-2018-highlights-and-implications/nutrition/>

²⁰ The 2015 NAC Pilot report to Congress estimated up to \$193.4 million in annual savings. The Interim Final Rule cites a lower figure, the average of \$114 million. The savings in the 2015 NAC Pilot report to Congress range from \$53.8m to \$193.4m, averaging \$114m. Adjusted for inflation, the figures are then \$67.8m, \$243.7m, and \$143.6m, respectively.

Adjusted for inflation and increases to SNAP allotments through the Thrifty Food Plan, anticipated annual savings are currently up to \$309.5 million per year. It can therefore be concluded that the decision to delay the roll-out of the Farm Bill mandate for the new and unproven NAC Pilot has cost the SNAP program approximately \$1.85 billion dollars (or ~\$2.5b adjusted for inflation at current rates). The Congressional Budget Office reported an estimated 10-year cost estimate savings (outlays) of \$588 million; however, CBO did not factor in the decision to create a second NAC pilot or FNS' benefit increases via the Thrifty Food Plan.

²¹ <https://www.fns.usda.gov/snap/nac>

²² <https://www.fns.usda.gov/snap/identity-authentication-pilot-projects>

²³ [https://www.ecfr.gov/current/title-7/subtitle-B/chapter-II/subchapter-C/part-273#p-273.2\(b\)\(1\)\(v\)](https://www.ecfr.gov/current/title-7/subtitle-B/chapter-II/subchapter-C/part-273#p-273.2(b)(1)(v))

²⁴ [https://www.ecfr.gov/current/title-7/subtitle-B/chapter-II/subchapter-C/part-273/subpart-C/section-273.6#p-273.6\(a\)](https://www.ecfr.gov/current/title-7/subtitle-B/chapter-II/subchapter-C/part-273/subpart-C/section-273.6#p-273.6(a))

²⁵ <https://www.fns.usda.gov/snap/facts>

²⁶ [https://www.ecfr.gov/current/title-7/subtitle-B/chapter-II/subchapter-C/part-273/subpart-G#p-273.20\(a\)](https://www.ecfr.gov/current/title-7/subtitle-B/chapter-II/subchapter-C/part-273/subpart-G#p-273.20(a))

²⁷ [https://www.ecfr.gov/current/title-7/subtitle-B/chapter-II/subchapter-C/part-273/subpart-A/section-273.2#p-273.2\(f\)\(11\)](https://www.ecfr.gov/current/title-7/subtitle-B/chapter-II/subchapter-C/part-273/subpart-A/section-273.2#p-273.2(f)(11))

²⁸ [https://www.ecfr.gov/current/title-7/subtitle-B/chapter-II/subchapter-C/part-272/section-272.8#p-272.8\(a\)](https://www.ecfr.gov/current/title-7/subtitle-B/chapter-II/subchapter-C/part-272/section-272.8#p-272.8(a))

²⁹ [https://www.ecfr.gov/current/title-7/subtitle-B/chapter-II/subchapter-C/part-272/section-272.4#p-272.4\(e\)](https://www.ecfr.gov/current/title-7/subtitle-B/chapter-II/subchapter-C/part-272/section-272.4#p-272.4(e))

³⁰ <https://www.urban.org/projects/exploring-states-snap-modernization-projects>

³¹ [https://www.ecfr.gov/current/title-7/subtitle-B/chapter-II/subchapter-C/part-272/section-272.1#p-272.1\(c\)](https://www.ecfr.gov/current/title-7/subtitle-B/chapter-II/subchapter-C/part-272/section-272.1#p-272.1(c))

³² “EBTerrorism: How Fraud Ridden SNAP Funds Terror, Fails at Enforcement and Wastes Taxpayer Money”

³³ <https://legiscan.com/IA/bill/SF494/2023>

³⁴ <https://www.fns.usda.gov/snap/replacement-snap-benefits-consolidated-appropriations-act-2023>

³⁵ <https://www.kxan.com/news/texas/hhsc-warns-of-increased-reports-of-snap-tanf-recipients-being-targets-of-fraud/>

³⁶ <https://calmatters.org/california-divide/2023/01/calfresh-calworks-thefts/>

³⁷ <https://fns-prod.azureedge.us/sites/default/files/resource-files/ebt-card-skimming-prevention.pdf>

³⁸ <https://www.gao.gov/products/gao-19-167>

³⁹ <https://usdaoig.oversight.gov/sites/default/files/reports/2023-06/27901-0002-13.pdf>

⁴⁰ Section 205(c)(2)(C)(iii)(I) of the Social Security Act (codified at 42 U.S.C. §405(c)(2)(C)(iii)(I) and implemented at 7 C.F.R. §278.1(q)(3))

⁴¹ <https://crsreports.congress.gov/product/pdf/R/R45147/6>, page 54

⁴² <https://risk.lexisnexis.com/insights-resources/research/true-cost-of-fraud-study-for-snap>

⁴³ [https://www.ecfr.gov/current/title-7/subtitle-B/chapter-II/subchapter-C/part-273/subpart-F/section-273.16#p-273.16\(b\)\(5\)](https://www.ecfr.gov/current/title-7/subtitle-B/chapter-II/subchapter-C/part-273/subpart-F/section-273.16#p-273.16(b)(5))

⁴⁴ [https://www.ecfr.gov/current/title-7/subtitle-B/chapter-II/subchapter-C/part-273/subpart-F/section-273.18#p-273.18\(a\)](https://www.ecfr.gov/current/title-7/subtitle-B/chapter-II/subchapter-C/part-273/subpart-F/section-273.18#p-273.18(a))





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