



May 20, 2024

**Chairman Glenn “GT” Thompson**  
**Ranking Member David Scott**  
House Agriculture Committee  
United States House of Representatives  
1301 Longworth Building  
Washington, DC 20515

**RE: Farm, Food, and National Security Act of 2024**

Dear Representatives Thompson and Scott,

On behalf of the United Council on Welfare Fraud (UCOWF), I am writing to express our support for the anti-fraud initiatives in the first draft of this year’s Farm Bill. We are particularly encouraged by the significant improvements in oversight and accountability for the Supplemental Nutrition and Assistance Program (SNAP) found in Title IV. We are hopeful that bipartisan collaboration will continue to strengthen SNAP, ensuring it is protected from fraud, waste, and abuse.

As the only national non-profit organization dedicated to combating fraud, waste, and abuse within social service programs, UCOWF has been at the forefront of this mission for over 50 years. Our recent document, “**Improving SNAP: Program Integrity Initiatives,**” outlines strategies that align closely with the measures proposed in this bill. These strategies include tightening recipient and retailer verifications, enhancing administrative oversight, and leveraging technology to safeguard benefits distribution. Make no mistake, the vast majority of “improper payments” are fraud, and we believe our ranked and order initiatives directly align with this bill.

UCOWF has previously testified before the full Committee on the issues of fraud and improper payments affecting both recipients and retailers. Consistent with our testimony and the expertise of our members, we have attached a copy of our document for your reference and ongoing consideration.

We would like to highlight our strong support for the following sections:

- **4107: Prohibition on Benefit Redemption by Owners of Retail Food Stores** – This aligns with UCOWF Retailer Integrity Initiative #10, ensuring that store owners cannot exploit the system for personal gain.
- **4108: SNAP Benefit Transfer Transaction Data Report** – We support initiatives to improve retailer integrity and reduce historically high rates of benefits trafficking. We encourage the Committee to consider UCOWF Recipient Integrity Initiative #3, which addresses the administrative burden of proof for recipients, aligning it with that for retailers. This alignment will significantly enhance States’ ability to address quid-pro-quo trafficking violations and reduce criminal charges for first offenders.
- **4110: National Accuracy Clearinghouse (NAC)** – We appreciate the Committee’s directive to implement the national expansion of the original and proven demonstration project that reflected Congress’ intent in the 2018 Farm Bill. Congress did not intend for FNS to “recreate the wheel” by ignoring the successful pilot

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program and implementation of unnecessary and burdensome regulations. This aligns with UCOWF Administrative Initiative #3, aiming to prevent duplicate participation and achieve cost savings sooner.

- **4113: Adjustment to Percentage of Recovered Funds Retained by States** – This aligns with UCOWF’s highest priority under Administrative Initiatives, restoring retention rates and mandating States reinvest “pay and chase” recoveries to previous levels, consistent with FNS’s Fraud Framework best practices.
- **4114: Tolerance Level for Payment Errors** – A common-sense reform provides a more accurate error rate, reflecting the actual integrity of the program.
- **4116: Office of Program Integrity** – UCOWF strongly supports the creation of an office dedicated to addressing glaring unresolved issues of fraud, waste, and abuse that have persisted since SNAP’s inception.
- **4126: Out of State Purchases** – This aligns with Recipient Integrity Initiative #5. However, we encourage the Committee to align policies with the Temporary Assistance to Needy Families (TANF), allowing States to take administrative action after 30 days of uninterrupted out-of-state usage. Additionally, States should have the authority to restrict SNAP usage to the issuing State and neighboring counties.

The baseline document of the House Agriculture Committee imparts critical improvements to SNAP, a vital safety net program. We urge Committee members to consider further strengthening the program as outlined in our document. The lessons learned from the pandemic, GAO documentation of government-wide improper payments, and the technological advantages that criminals have over current safeguards must be addressed. Failing to do so continues to put limited taxpayer resources at risk.

We appreciate Chairman Glenn “GT” Thompson’s leadership and the bipartisan approach to addressing critical shortcomings in SNAP oversight and accountability. Restoring public trust in the government’s ability to protect the program’s integrity is a long-overdue, common-sense approach that transcends party lines.

Thank you for your leadership and dedication to this crucial cause. We look forward to significant strides in enhancing program integrity with your continued advocacy and action.

Sincerely,

Carrol Christian  
President  
United Council on Welfare Fraud  
[www.ucowf.net](http://www.ucowf.net)

Attachment: UCOWF’s “Improving SNAP: Program Integrity Initiatives”



**ATTACHMENT**



## IMPROVING SNAP

*Program Integrity Initiatives  
Needed in the 2024 Farm Bill*

### **ABSTRACT:**

*The extension of the 2018 Farm Bill creates a unique opportunity to improve anti-fraud efforts, increase public confidence, accountability, oversight, and administration of the Supplemental Nutrition Assistance Program (SNAP).*

### **CONTENTS:**

#### **“Top Ten Initiatives”**

- Improving Recipient Integrity
- Enhancing Retailer Integrity
- State/County Administrative Initiatives
- Glossary & Acronyms

April 2024



**ABOUT THE UNITED COUNCIL ON WELFARE FRAUD:**

Established in 1971 as the National Welfare Fraud Association, the United Council on Welfare Fraud (UCOWF) is the sole national association committed to upholding the integrity of our nation's public assistance programs. Our mission encompasses providing vital resources for collaboration, professional certifications and growth, and advocacy to members spanning thousands of welfare investigators, administrators, benefit recovery specialists, and specialized law enforcement within county, state, and federal agencies across the United States.

Together, we strive to identify, investigate, prosecute, and recover fraud, waste, and abuse within social service programs such as SNAP, TANF, Medicaid, Child-Care/Early-Start services, LIHEAP, WIC, and unemployment insurance.

Over the years, UCOWF has adapted to the dynamic landscape of welfare fraud, sharing insights on new and emerging methodologies employed by fraudulent actors, and facilitating collaboration among members through various platforms such as social media, our website, and membership directory. Serving as a central hub for the exchange of information, UCOWF enables members to stay updated on evolving trends and collaborate on effective countermeasures. As a leading authority in the field, UCOWF actively engages with policymakers, advocating for legislative measures to fortify the legal framework and public perceptions surrounding welfare programs. Drawing from the real-world experiences of our members, we continually refine strategies and push for enhanced tools to combat fraud effectively.

UCOWF's commitment to education and training has been singular in helping human services agencies build a skilled and informed workforce dedicated to combating welfare fraud. Through initiatives such as national conferences, newsletters, in-depth policy analyses via white papers, and our Certified Welfare Fraud Investigator certification, we equip professionals with the necessary knowledge and skills for the ongoing battle against fraudulent activities. Our upcoming 51st National Training Conference, scheduled for August 20-22, 2024, in Las Vegas, Nevada, continues this tradition.

Looking ahead, UCOWF remains unwavering in its commitment to safeguarding the integrity of public assistance programs, promoting collaboration among stakeholders, and leading efforts to prevent and detect welfare fraud and overpayments. Through our dedication, we strive to ensure that public resources are directed to those genuinely in need, fostering a fair and just welfare system for all.

We encourage UCOWF members, affiliates, citizens, media, and legislative staff to connect with us on [LinkedIn](#) and visit our website for contact inquiries and information: <https://www.ucowf.net/>



**DOCUMENT ABSTRACT:**

This pivotal document, titled "Improving SNAP: Integrity Initiatives" critically addresses the pervasive issues of fraud, waste, and abuse within the Supplemental Nutrition Assistance Program (SNAP). By leveraging collective member expertise and the latest industry insights, it formulates targeted recommendations to fortify the integrity of SNAP. These recommendations are systematically categorized and ranked based on their potential positive impact to program integrity.

These initiatives are grouped into three primary areas: Recipient Integrity, focusing on eligibility and oversight improvements; Retailer Integrity, aimed at enhancing compliance and verification processes; and Local/State Administration, which seeks to streamline operations and bolster deficient fraud prevention mechanisms. Collectively, these initiatives are designed to restore public trust and enhance program integrity efficacy of SNAP through improved governance and reduced fraud, waste, and abuse, and offers insights into the challenges of fraud, waste, and abuse affecting our nation's food assistance program. These recommendations stem from our collective experiences, subject matter expertise, and awareness of current trends impacting the integrity of the program.

While the challenges faced in each SNAP agency administered at the state, county or local level may differ, we have attempted to “rank” the initiatives in order of greatest importance and positive impact:

- **Recipient Integrity** – Initiatives relating to individuals and/or households applying for or currently receiving SNAP benefits. This responsibility belongs to local county, state, and territory agencies and the initiatives provided will relate to eligibility fraud, trafficking, improving customer experience, and modernizing oversight safeguards.
- **Retailer Integrity** – Initiatives relate to processes and regulations on retailer application processes to strengthen retailer/store application fraud and improving oversight and screening of approved retailers.
- **Local/State Administration** – Initiatives to streamline the customer experience, reduce churn and unnecessary workloads, and improve program integrity at the local/state/territory/federal levels.







**TOP TEN INITIATIVES IN RECIPIENT INTEGRITY**

1. Address Identity Verification Deficiencies
2. Eliminate Overuse of Self-Attestation and “Honor System”
3. Adjust Recipient Trafficking Burden of Proof
4. Require Adequate Program-Integrity Staffing
5. Removing Identity “Opt-Outs”
6. Minimum Application Requirements for 21<sup>st</sup> Century
7. Require Cooperation in Administrative Reviews
8. Improved Data Sharing with Other Programs and Law Enforcement
9. Require Cooperation with Child Support Enforcement
10. Freezing/Suspending Fraud Benefits

**Recipient Integrity Initiatives Explained:**

- **IDENTITY VERIFICATION DEFICIENCIES:** As demonstrated by the unprecedented losses to assistance programs under the Covid pandemic health emergency, government assistance programs are susceptible to domestic and global cybersecurity attacks using stolen personal identification information (or synthetic identities) to apply for benefits or to drain benefits of existing recipients through account takeover schemes. Robust identity verification standards and tools to combat identity fraud and synthetic identity fraud ensure that only legitimate applicants receive benefits and safeguards national security. State agencies must have access to technology to, at a minimum, verify the identity and residence of an applicant

Currently, no minimum NIST identity standards exist for online applications, customer service portals (online and telephonic), or EBT vendor portals (and call centers). This is contrary to private industry, best practices, and results in administrative churn, delayed benefit issuance (as identity fraud applications sit in the same eligibility queue as real people), and significant waste and fraud as demonstrated by recent [media coverage](#). Unemployment Insurance was the most recent program to address (and fund) this deficiency. Requires Presidential Executive Order and/or Congressional appropriations with state funding.

- **ZERO TRUST AND ELIMINATION OF HONOR SYSTEM:** The Covid pandemic health emergency exposed deficiencies and loopholes in government assistance programs due to an [over-reliance on self-attestation](#). SNAP is particularly susceptible to this “honor system,” because of its antiquated laws, rules, and regulations that were created to process paper applications that were physically submitted to a brick-and-mortar location by an actual person. There has been no



legislation nor rulemaking to keep pace with modern fraud schemes inherent in online applications and other forms of electronic application submission.

The [GAO states](#), “*The mechanisms used in a fraud scheme have a close relationship to internal controls. For example, mechanisms of misrepresentation, such as document manipulation, false declarations, and fictitious entities (identity fraud) leave agencies open to significant fraud risk when they rely on self-certification as an internal control for fraud prevention. Confirming the eligibility and identity of individuals receiving payments, such as confirming wage information or verifying identity through data and other checks, are key controls to prevent fraud schemes that rely on such mechanisms.*”

In SNAP, applicants must provide proof of identity such as a driver’s license, birth certificate – or even questionable “proof” of identity such as possession of a Social Security or voter registration card. However, validation of the document and/or data authenticity is not required. Further, there are few requirements to perform simple and common data verifications of eligibility factors despite existing solutions. Addressing this lack of internal controls can significantly improve program integrity by combating identity and eligibility fraud. Requiring data validations can also affirm an applicant’s eligibility requirements, streamline States’ administration efficiency, reduce improper payments, and reduce application processing times. This initiative will require Farm Bill language and Rulemaking.

- **RECIPIENT TRAFFICKING BURDEN OF PROOF:** Despite most trafficking fraud being a quid-pro-quo transaction between dishonest recipients and retailers, recipients and retailers are treated differently. Retailers can be administratively removed, disbarred, and sanctioned with a burden of proof meeting requirements of [Preponderance of the Evidence](#). Recipients receiving SNAP benefits is considered an entitlement, so a higher administrative burden, Clear and Convincing, is required to administratively disqualify a SNAP recipient Other programs (such as TANF, Housing, Social Security) require the Preponderance of the Evidence standard.

Trafficking benefits should not be an entitlement, and the administrative standard should be aligned with retailers at Preponderance of the Evidence. This would resolve longstanding administrative hurdles for States to effectively oversee and enforce trafficking, anti-fraud rules and regulations. Addressing this would create incentives for States to pursue the corresponding recipient trafficking immediately following the resolution of the retailer investigation. The evidentiary issue was publicized in 2018 by the [Congressional Research Service](#). This initiative would require Farm Bill language and Rulemaking to address [7 CFR 273.16](#).





- **MINIMUM STAFFING LEVELS FOR FRAUD INVESTIGATORS:** Most State and County SNAP agencies currently struggle with [timely and accurate eligibility determinations](#) due to staffing shortages. However, the shortage is most critical in program integrity. [Outdated regulations](#) only require fraud detection units when a "project area" exceeds 5,000 households, which can include an entire State. Fraud detection units responsible for detecting, investigating, and assisting in the prosecution of fraud are not required to be full-time, or even work exclusively on SNAP. A [GAO report](#) discovered great variances in fraud investigator to household ratios trending unfavorably. It is not uncommon for some states to have one fraud investigator for every 100,000 recipients. As such, it is not uncommon for fraud to occur unabated for nearly a decade before being caught as an average of 46% potential fraud referrals to go unworked due to a lack of technology and manpower. While fraud rates may seem low, it's because States lack the staff and resources to detect fraud before benefits are issued. Despite a significant increase in recipient rolls and program expenditures over the past two decades, there have been no efforts to make fraud prevention a priority. This initiative will require Farm Bill and Rulemaking.
- **REMOVING IDENTITY OPT-OUTS:** The only guidance issued by the USDA FNS on remote/online identity verifications comes from a [2019 Guidance Memo](#) with a requirement that State's must allow applicants to opt-out of remote/online identity verifications – which delays benefit issuance, requires mitigation through call-centers or in-person visitations (which can negatively impact those with transportation, childcare, or employment schedules), and only benefits fraudsters. The most recent [2024 Guidance](#) falls short by misinterpreting regulations (and not accounting for agency call-centers or physical locations), further exacerbating fraud and administrative burdens for both SNAP agencies and applicants and actually encourages submission of incomplete applications. This initiative does not require Executive Order, Farm Bill language, or Rulemaking and can be addressed with updated/corrected guidance as to FNS' confusion.
- **MODERNIZING APPLICATION REQUIREMENTS FOR 21ST CENTURY:** Current mandatory minimums to be considered an application that requires processing is merely a name, address, and signature to initiate state eligibility determinations. These antiquated regulations date back to the [Hunger Prevention Act of 1988](#) and have not been modernized despite numerous programmatic and technological advancements during the last 36 years.

FNS continues to push waivers and demonstration projects [to eliminate client interviews](#) in preparation for new Rulemaking to remove the mandatory interview of the applicant – an initiative that runs counter to States being able to engage recipients in dietary and professional education to improve their household circumstances, and one that runs contrary to any program integrity initiative. Interviews provide an opportunity to clarify household eligibility components and resolve inconsistencies in the application to prevent household overpayments. The importances of



interviews is clearly front and center in FNS' own [SNAP Fraud Framework](#) guidance for States under "Fraud Detection" – moving away from interviews only enables fraudsters and exacerbates client financial situations in the even of improper payment debt collection. The impact of waiving interviews during the Covid PHE absolutely contributed to the current QC Payment Error Rates, while doing nothing to reduce Application Processing Times.

A modernized application should require all mandatory eligibility fields to be completed (including identity, residence, household members, income, and liquid assets). Current [eligibility requirements for non-citizens](#) should be reviewed for consistency, equitable access, and so as not to encourage unlawful entry into the country. FNS is currently trying to push This initiative would require Farm Bill language and Rulemaking.

- **REQUIRE COOPERATION IN ADMINISTRATIVE PROCEEDINGS:** Unlike quality control interviews, interviews regarding alleged fraud or suspicious applications, SNAP recipients may refuse to cooperate and yet continue uninterrupted access to benefits. Failure to cooperate in a [Quality Control audit](#) can result suspended future eligibility until the recipient cooperates with the interview and common sense reform would apply the same compliance to interviews regarding fraud investigations. This initiative would require Farm Bill language and Rulemaking to address language found in [7 CFR 275.12\(g\)](#).
- **IMPROVED DATA SHARING:** SNAP is one of the last government assistance programs with siloed data post 9/11 which restricts information sharing. Sharing individual or household information with other programs local, state, and federal law enforcement is highly restricted, even in the case of national security, child endangerment, or exigent circumstances, despite numerous cases of foreign actors utilizing SNAP to fund overseas operations and connections to terrorists where the program is referred to as the "[Jihadist Seeker's Allowance](#)." Even the Patriot Act does not specifically address or authorize the sharing of information on individuals or households receiving federal SNAP assistance as privacy concerns outweigh national security. Requires 2024 Farm Bill language and Rulemaking to address language found in [7 CFR 272.1\(c\)](#).
- **REQUIRE COOPERATION WITH CHILD SUPPORT ENFORCEMENT:** States are required to have procedures for enforcing child support obligations as a condition of Medicaid eligibility. Child support enforcement has significant positive impacts on children's welfare and is supported by data showing child support payments can substantially improve the economic situation of one of the groups most at risk of food insecurity, children living in single-parent households. In 2016, the Office of Child Support Enforcement reported that child support represented 52% of the family income for the poorest custodial families and significantly reduced the poverty rate of these families. [Current regulations](#) requiring cooperation with child support remain a state option only



seven (7) States follow. Amending 7 USC 2015(d) to move from an option to requirement would require Farm Bill language.

- **FREEZING/SUSPENDING FRAUD BENEFITS:** While interoperability requires State issued SNAP benefits can be used anywhere in the country, agencies are not allowed to suspend recipient EBT cards when SNAP is spent exclusively out of state – a common indication of non-residency eligibility fraud, account takeover, or identity fraud. Conversely, a recipient using TANF benefits outside the state for 30 days can have their benefits suspended for suspected fraud. States should not bear the administrative burden or costs for recipients not living or using benefits in their approved “project area.” This initiative would require Rulemaking.

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**TOP TEN INITIATIVES IN RETAILER INTEGRITY**

1. Improved Retailer Screening and Oversight (Require SSN/TIN/EIN verifications, eligibility, state input, risk checks, physical inspections)
2. Transmitting Location Data of POS Devices (and geotagged)
3. Require Retailer Cooperation with Program Integrity Staff
4. Require Retailer Notification of Banking Institutions
5. Require Retailer Notification of Third-Party Processors
6. Disqualified Retailers Added to eDRS and DoNotPay
7. Codify State Law Enforcement Bureau (SLEB) in Rules
8. Foreign Retailer Ownership (Approved retailers must be a lawful resident or USA citizen)
9. Immediately Suspend Retailers Suspected of Fraud
10. Store Owners Shopping (Preventing owners from using their benefits at their own store)

**Retailer Integrity Initiatives Explained:**

- **IMPROVE RETAILER SCREENING AND OVERSIGHT:** Current retailer authorization screening policies and regulations [fall short](#) of providing any meaningful integrity initiatives. Historically, the USDA has reported trafficking rates among approved retailers to be approximately 2% of benefits – [over \\$1.8b in FY2022](#). The [most recent USDA trafficking study](#) (2015-2017) found trafficking estimates that 12.7-14.3% of all authorized stores engaged in trafficking, including about 25% of small grocery stores and 17% of convenience stores. With over 261,000 approved retailers, this corresponds to 33k-37k stores illegally trafficking – to which FNS administratively issued [seven \(7\)](#) trafficking civil money penalties. In 2019, the GAO estimated ~\$4.7b in trafficking fraud (when redemptions were \$64b per year, compared to \$124b in 2023). Nearly 60% of new applications come from convenience stores, a high-fraud risk group.

Deficiencies in retailer integrity have a direct impact on states who are required to address the recipients suspected in trafficking at these stores, a significant burden shift that States are ill-prepared to address (see Recipient Integrity Initiatives). Retailer integrity initiatives that will have a significant positive impact on program integrity requiring Farm Bill and Rulemaking include:

- **Social Security Numbers:** Fixing the loophole in the Social Security Act (codified in [7 CFR 278.1\(q\)\(3\)](#)) that prevent USDA FNS, the authority responsible for retailer oversight, from vetting owner Social Security Numbers. As demonstrated in past investigations, fraudulent retailers are using stolen SSNs to pass the authorization process undetected. The USDA FNS must vet SSNs, Temporary Identification Numbers (TINs), and Employee Identification Numbers (EINs) prior to authorization.



- **Removing Dead Owners:** The inability to vet SSNs has a significant impact, including preventing data matches to the SSA's Death Master File. In 2023, the GAO audited a small sample of approved retailers and found 3,400 used [SSNs belonging to deceased and underage individuals](#) that redeemed \$2.6b in benefits.
- **Allow State Input on Retailers:** USDA FNS is not fully reviewing retailer applications to ensure they have a business license (in good standing) to operate within a State. As a result, FNS is missing an important step in business integrity checks. States should be allowed a reasonable opportunity to provide feedback on pending and current authorizations, including verifying that the owners do not have State administrative findings.
- **Conduct Effective Background Checks:** [Regulations](#) require business integrity checks and prohibit authorization where owners have criminal or civil judgements. However, USDA FNS officials do not have access to local and state criminal backgrounds or data systems, and their own legal stance is that they cannot use SSNs for this requirement. This loophole introduces significant fraud, waste, and abuse into the retailer ecosystem that negatively impacts recipients. Further, effective business integrity checks lack a mandate to verify retailer owners and representatives are not matched to OFAC Sanction Lists that prevent financial business transactions with terrorists and hostile foreign nation businesses.
- **Conduct Physical Inspections:** In FY 2023, the USDA FNS identified 28,389 stores with potential compliance violations, [yet only conducted 12,692 investigations](#), with actions against 422 owners (and 1,617 warnings). FNS should complement administrative compliance activities with annual inspections for all retailers at high-risk for fraud.
- **TRANSMIT GEOLOCATION OF SALES:** While regulations speak to the need for secure transaction processing and integrity in the operation of EBT systems, there are no requirements to transmit location data from Point-Of-Sale (POS) devices. While regulations require transaction terminals may not leave the location of the approved retailer, there are no enforceable measures to prevent anyone from redeeming benefits in other locations (IE, other States, or foreign countries). Current technology exists to provide geolocation as part of the transaction and improve anti-fraud measures (such as cloning POS devices or spoofing FNS Retailer Numbers). Adding this initiative would greatly curb [current fraud schemes](#) and require Farm Bill language and Rulemaking.
- **REQUIRE RETAILER COOPERATION WITH PROGRAM INTEGRITY STAFF:** Requiring authorized retailers to cooperate with fraud investigations as a condition of their program involvement serves as a deterrent against fraudulent activities and promotes a culture of accountability and transparency among participants. Cooperation in investigations helps in identifying and addressing fraud promptly and underscores that participation in SNAP as a retailer is not an entitlement. Integrating this obligation can better safeguard resources against misuse and ensure



funds are directed toward eligible recipients. This initiative would require Farm bill language and Rulemaking.

- **REQUIRE RETAILER NOTIFICATION OF BANKING INSTITUTIONS:** Like the issue relating to third-party processors, ensuring USDA FNS has active banking information of retailers, authorized retailers should be required to submit banking information within 30 days of program approval or a change in banking. Increased cybersecurity mandates can be used to identify when equipment devices or software has been compromised or when funds have been rerouted/hijacked. Resolving this problem will have a significant impact addressing an emerging fraud trend, including the theft of recipient benefits, and will require Rulemaking.
- **REQUIRE RETAILER NOTIFICATION OF THIRD-PARTY PROCESSORS:** To facilitate investigations into suspected retailer trafficking fraud, the USDA FNS should require retailers notify which [third-party processor](#) is being used within 30 days of authorization or a change in processors. Currently, law enforcement and the USDA Office of Inspector General (OIG) face significant delays and impediments in identifying the processing authority responsible for handling SNAP transactions. They often must issue subpoenas simply to determine which processor is acting on behalf of the government to facilitate these EBT transactions. Resolving this problem will have a significant impact addressing an emerging fraud trend, including the theft of recipient benefits, and will require Rulemaking.
- **RETAILERS DISQUALIFIED ADDED TO SANCTION LISTS: eDRS AND DoNotPay:** Adding the owners of authorized SNAP retailer establishments who have violated program rules to the Electronic Disqualified Recipient System (eDRS) and the Treasury's Do Not Pay (DNP) can significantly deter fraudulent activities and ensure that only eligible and compliant retailers participate in the program. In addition, if a dishonest retailer has a chain of locations, only the identified store is removed, allowing the retailer to continue operating other locations in violation of the rules until caught. Furthermore, incorporating them into the DNP database aids in cross-referencing and identifying potential fraud or ineligibility across federal programs, ensuring federal taxpayer funds are safeguarded and only disbursed to entities that adhere to program requirements while reducing improper payments and fraud. This initiative would require Farm bill language and Rulemaking.
- **CODIFY STATE LAW ENFORCEMENT BUREAU (SLEB):** SLEB is a voluntary program used for over three decades that addresses collaborative efforts between agencies that issue SNAP, state law enforcement agencies and the federal government in combating program fraud. SLEB allows for collaboration between state and federal partners to carry out fraud investigations, audits and compliance checks on SNAP retailers and recipients. Yet, SLEB is not found in any FNS





regulations. As supported by a [2014 GAO audit](#), we recommend that the USDA OIG should provide recommendations based on past experience to create formal guidelines and policies relating to inclusion and duties of a SLEB.

- **RETAILERS SHOULD BE LAWFUL USA RESIDENTS:** [Current regulations](#) are silent on provisions or restrictions relating to foreign ownership of retailers accepting taxpayer resources for SNAP transactions, despite numerous cases involving unlawful immigrant owners committing program fraud. Failure to close this loophole could continue to introduce vulnerabilities to fraud, abuse, and mismanagement of benefits. Restricting ownership to entities or individuals with legal residency in the USA ensures compliance with laws, promotes accountability, and enhances oversight of SNAP retailers. This measure not only aligns with national security interests, but also ensures that retailers have a vested interest in the communities they serve. Authorized retailers that are legally and culturally rooted in the USA lend a higher likelihood of compliance with SNAP regulations and a deeper commitment to the program's objectives and success. New rulemaking that implements and extends this initiative to online retailers is consistent with the mandates of other assistance programs and aligns with USDA FNS' commitment to serving eligible households with transparency and responsible governance.
- **SUSPEND AUTHORIZATIONS ON CREDIBLE ALLEGATION OF FRAUD:** Suspending retailer authorization upon the credible allegation of fraud, with the provision for due process, strikes a balance between taking immediate action to protect the program's integrity and respecting the rights of retailers. Doing so [aligns SNAP to Medicaid](#) provider integrity measures. This initiative acts as a deterrent against fraudulent behavior, ensuring that allegations are taken seriously and addressed promptly, while also providing an avenue for retailers to contest unfounded claims. The current administrative process has allowed authorized retailers to continue redemptions even after criminal arrests – in effect, acting as if retailer authorization was an 'entitlement.' This initiative would require Farm Bill language and Rulemaking.
- **PROHIBIT OWNER REDEMPTIONS IN THEIR OWN STORE:** While the number of authorized SNAP recipients that are also approved retailers is unknown (likely very few), prohibiting owners from redeeming their own recipient benefits in their store is a commonsense integrity initiative that would prevent past exploitations. This initiative would require Rulemaking.



**TOP TEN ADMINISTRATIVE INITIATIVES**

1. Restore State Retained Share of Overpayments
2. Modernize Funding and State Oversight Incentives
3. Immediate Implementation of Congress' Duplicate Participation Mandate
4. State Residency Reported Change Requirements
5. Out of State Transactions (Close after 30 consecutive days)
6. High-Balances (Use it or lose it, reduce carrying balance)
7. Removing Broad-Based Categorical Eligibility Loopholes
8. Modernize Disaster SNAP
9. Electronic Disqualified Recipient System (State Data, can be Verified Upon Receipt)
10. Require Congressional Notice of Waivers and Major Changes (Monthly Reporting)

**Honorable Mentions:**

11. *Annual USDA OIG Audits of Retailers, Recipients, and Waivers to Congress*
12. *Require FNS to Publicly Post Quarterly State Data (FNS 366b, FNS 209)*
13. *EBT Cards Mailed Only to Addresses in Issuing State*
14. *Block Foreign-Based Applications (including Retailer)*
15. *Undeliverable Returned Mail (Case closure upon return)*
16. *Establish Procedures for Resolving Identity Fraud*
17. *Automatically Deny Applications for Declared Ineligibility*

**Administrative Initiatives Explained:**

- **STATE RETAINED SHARE OF OVERPAYMENT RECOVERIES:** While no incentives currently exist for SNAP agencies to detect and prevent fraud at the front-end, the only incentive for States is found in the [collection of recipient overpayments](#); Inadvertent Household Errors (IHEs, client error or unproven fraud) and Intentional Program Violations (IPVs, or fraud). Prior Farm Bills reduced IPV and some IHE State retained share of recoveries from 50% to the current 35%. States may retain only 20% of IHEs and nothing for Agency Errors, and there are no conditions or expectations on States to invest those funds into anti-fraud, waste, and abuse initiatives.

To incentivize states in addressing collection of improper payments, Congress should restore the retention rate to 50% while mandating States reinvest the retained share in anti-fraud related activities. States are required to collect SNAP overpayments but do not collect or retain any portion of retailer sanctions and recoveries (responsibility of USDA FNS). This initiative would require Farm Bill language and Rulemaking.



- **MODERNIZE FUNDING AND STATE OVERSIGHT INITIATIVES:** According to the most recent numbers, the USDA FNS spends approximately one-twentieth of one percent to combat [anti-fraud initiatives](#). No incentives exist for States to detect and prevent fraud at the front-end, prior to the issuance of benefits (improper payments) that are costly to recover in “pay and chase” activities. The only dedicated funding is an annual SNAP Fraud Framework Grant (\$5m appropriated, up to \$750k for a single state), and not all these funds are distributed among very broad parameters. Current federal matching for states is 50% (50/50 shared costs) for administrative functions.

Congress should determine how to enact [GAO recommendations](#) on incentivizing States in fraud-preventive measures prior to disbursing federal funds. One suggestion is to increase match funding to 90/10 (federal/state) for these initiatives protecting federal resources. Modernizing and prioritizing anti-fraud initiatives have a positive ROI but will require Farm Bill and Appropriations language.

- **IMMEDIATE IMPLEMENTATION OF CONGRESS’ DUPLICATE PARTICIPATION MANDATE:** The 2018 Farm Bill mandated all States be actively participating in the National Accuracy Clearinghouse (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. Instead of continuing construction of a new pilot by GSA 18F, immediate implementation of the proven NAC as mandated by Congress in 2018 will enable states to immediately utilize a proven and successful tool to prevent rampant dual participation between two or more states. This initiative would require Farm Bill language.
- **STATE RESIDENCY REPORTED CHANGE REQUIREMENTS:** Current Simplified Reporting Rules alleviate the burden of SNAP recipients to report any changes in their household circumstances during their certification period except wages that exceed 130% of the Federal Poverty Level (FPL.) This allows recipients to continue to receive benefits from an issuing state even when the entire household moves out of the original project area. Requiring recipients to report when they move out of state will ensure household circumstances in the new state of residence are considered for proper allotment. Additionally, having accurate records of where a household resides will alleviate unnecessary review prompted by continued EBT usage in a state other than the issuing state. This initiative would require Farm Bill language and Rulemaking.
- **OUT OF STATE TRANSACTIONS:** While there are legitimate circumstances that would cause a recipient to transact their EBT cards in states other than the issuing state, prolonged out of state



usage is also a prodigious indicator of improper use and fraud. Empowering recipients to protect their benefits from skimming or account take over schemes by designating the specific states where they intend to use their EBT card would hamstring sophisticated criminals by prohibiting transactions in any state besides the specific state(s) designated by the recipient. This initiative would require Farm Bill language and Rulemaking.

- **HIGH BALANCES ON EBT CARDS:** The original purpose of the Food Stamp Program was to prevent involuntary hunger; SNAP superseded the Food Stamp Program and is [described by USDA-FNS](#) as, “SNAP provides food benefits to low-income families to supplement their grocery budget so they can afford the nutritious food essential to health and well-being.” Given the historical and current fundamental purpose of SNAP it is unconceivable that a household that meets SNAP eligibility criteria would be able to accumulate large balances on their EBT card. Current [regulations](#) allow recipients to carry balances on their EBT card for more than 9 months, including after their certification expires. All that is required is “[activity](#)” on the account to justify [observed balances](#) exceeding 5, 10, or even \$25,000.

SNAP was not intended to become a savings or retirement food savings IRA account. Simply put, if a household does not need its monthly SNAP allotments to provide nutritious food for their household, they should not be able to create a “rainy day” fund with unused benefits. Large EBT balances, or benefits that have not been used in 60 days should be expunged. This initiative would require Farm Bill language and Rulemaking.

- **REMOVING BROAD-BASED CATEGORICAL ELIGIBILITY LOOPHOLES:** [USDA-FNS’s website](#) reads, “*Section 5(a) of the Food and Nutrition Act of 2008 (PL 88-525), as amended, provides that households in which each member receives benefits under a state program funded under part A of Title IV of the Social Security Act (SSA) (also known as Temporary Assistance for Needy Families (TANF) block grants) shall be categorically eligible for the Supplemental Nutrition Assistance Program (SNAP). Currently, SNAP regulations broadly interpret “benefits” to mean cash assistance and non-cash or in-kind benefits or services from any TANF–funded program.*” Broad Based Categorical Eligibility (BBCE) had a plethora of good intentions upon its inception; however, as states have discovered, and as well publicized intentional exploitations have shown, BBCE has become a preferred method for lawful exploitation of SNAP.

USDA-FNS acknowledged the terminal flaws with BBCE and in response, proposed a Rule change to revise BBCE. Unfortunately, the proposed rule change was later withdrawn and BBCE continues to be a known and well used method for nefarious individuals to capitalize on the known weaknesses and steal billions of dollars from SNAP. It is time for debates and unending bureaucracy to end, BBCE has been a profound failure and needs to be modified at the least or



terminated at best. This initiative would require Farm Bill language and Rulemaking.

- **MODERNIZE DISASTER SNAP:** The [Robert Stafford Act](#) authorizes the USDA Secretary to implement and run [Disaster SNAP](#) relief efforts. However, program eligibility is nearly non-existent as the USDA FNS has run it based on client honor system. As COVID/PHE demonstrated, disaster programs must include basic eligibility guidelines, yet no formal program is established in Rule and FNS has failed to enact [D-SNAP Workgroup Recommendations](#), lessons learned prior to the PHE. This initiative does not require Farm Bill language. However, Congressional intent and instructions are desperately needed to force FNS to implement a program with proper oversight.
- **ELECTRONIC DISQUALIFIED RECIPIENT SYSTEM (eDRS):** The Electronic Disqualified Recipient System (eDRS) is a national database that tracks individual SNAP recipients who have been disqualified from receiving future SNAP benefits for a specific period of time due to an Intentional Program Violation (IPV). States are required to enter information into eDRS at the conclusion of Administrative Disqualification Hearings (ADH) to inform and notify states of suspended SNAP eligibility and appropriate penalties for subsequent IPV's. Currently, the information housed by eDRS is unverified meaning states must obtain verified information from the state that entered the information into the data base before they can deny an application or request enhanced disqualification penalties. The eDRS database was created by and maintained by USDA-FNS and yet the information is not reliable to be deemed verified due to interpretation of the 1988 Computer Matching and Privacy Protection Act.

Making modifications to the eDRS database and/or modernizing the platform to ensure the critical information is verified upon receipt will eliminate the costly burden to states to obtain verification as well as ensuring SNAP recipients are protected from damaging incorrect data. This initiative would require Farm Bill language and Rulemaking.

- **REQUIRE CONGRESSIONAL NOTICE OF WAIVERS AND MAJOR CHANGES:** A recent trend in government assistance programs includes states passing laws that require state agencies to submit waivers to expand program access and recipient rolls – or lower level executive staff [approving waivers of federal law against Congress' explicit instructions](#). Congress should require pre-approval notice of any change to state plans, waivers, or options with a mandate that the waiver or option complies with budget neutral requirements. Congress should also provide enhanced federal match rates to de-emphasize the use of options and waivers that prioritize reducing recipient dependency through improved work participation and higher standards of living. For example, providing improved funding incentives for States to come off BBCE. This initiative is best pursued through Farm Bill language and authorizing language for appropriations.



## DEFINITIONS & ACRONYMS

- **AE:** *See Agency Error*
- **Agency Error:** Any overpayment caused by an action or failure to take action by the State agency. States may not retain any overpayment benefit claim recoveries. In cases where the agency employee was complicit in an overpayment, States are actually responsible for repaying the federal government for lost SNAP funds.
- **Alien Status Verification Index (ASVI):** The automated database maintained by the United States Citizenship and Immigration Services (USCIS) which may be accessed by State agencies to verify immigration status.
- **Benefit:** The value of supplemental nutrition assistance provided to a household by means of an EBT system or other means of providing assistance
- **EBT:** Electronic Benefit Transfer.
- **Electronic Benefit Transfer (EBT) Account:** a set of records containing demographic, card, benefit, transaction and balance data for an individual household within the EBT system that is maintained and managed by a State or its contractor as part of the client case record.
- **Electronic Benefit Transfer (EBT) Card:** A method to access EBT benefits issued to a household member or authorized representative through the EBT system by a benefit issuer. This method may include an on-line magnetic stripe card, an off-line smart card, a chip card, a contactless digital wallet with a stored card, or any other similar benefit access technology approved by FNS.
- **Electronic Benefit Transfer (EBT) Vendor/Contractor:** Entity selected by the State SNAP agency to perform EBT related services. Current EBT vendors with active contracts include FIS eFunds, Conduent, Solutran, and Inmar.
- **FNS:** Food and Nutrition Service, a division within the USDA FNS.
- **Farm Bill:** Formally known as the Agriculture Act of 2014 (typically updated every 4-5 years), the Farm Bill a comprehensive piece of legislation passed by the United States Congress that governs an array of agricultural and food programs, including but not limited to commodity programs, crop insurance, conservation, nutrition assistance programs like SNAP (Supplemental Nutrition Assistance Program), rural development, and international food aid. It typically sets policies and funding for these programs for a period of around five years, although there can be subsequent amendments or reauthorizations. The current 2018 Farm Bill was extended through federal fiscal year 2024, which ends on September 30, 2024.
- **Food and Nutrition Act:** *See Farm Bill.*
- **GAO:** US Government Accountability Office.
- **Identity:** The identity of the person making an application shall be verified. Where an authorized representative applies on behalf of a household, the identity of both the authorized representative and the head of household shall be verified. Identity may be verified through readily available documentary evidence, or if this is unavailable, through a collateral contact. Examples of acceptable documentary evidence which the applicant may provide include, but are not limited to, a driver's license, a work or school ID, an ID for health benefits or for another assistance or social services program, a voter registration card, wage stubs, or a birth certificate. Any documents which reasonably establish the applicant's identity must be accepted, and no requirement for a specific type of document, such as a birth certificate, may be imposed. *See [7 CFR 273.2\(f\)\(1\)\(vii\)](#)*
- **IHE:** *See Inadvertent Household Error*
- **Improper Payment:** When a recipient does not receive the correct household benefits. The vast majority of improper payments are overpayments; however, improper payments can also include underpayments.
- **Inadvertent Household Error:** Any claim for an overpayment resulting from a misunderstanding or unintended error on the part of the household. Includes suspected and unproven fraud that has not been formally adjudicated (administrative or criminal). Some States establish all non-agency error claims as household error claims initially and then transfer the claim from household error to fraud after the prosecution or administrative disqualification hearing.





Inadvertent Households make up approximately 61% of overpayments. Commonly referred to as “unproven fraud” as fraud referrals with overpayments that go unworked are established as IHEs and make up most claims in this category. States may retain only 20% of recoveries.

- **Income:** Gross nonexempt income shall be verified for all households prior to certification. However, where all attempts to verify the income have been unsuccessful because the person or organization providing the income has failed to cooperate with the household and the State agency, and all other sources of verification are unavailable, the eligibility worker shall determine an amount to be used for certification purposes based on the best available information. See [7 CFR 273.2\(f\)\(1\)\(i\)](#).
- **Intentional Program Violation:** An intentional false statement, misrepresentation, concealed or withheld facts or any act that violates SNAP regulations or state statutes for obtaining, presenting, transferring, acquiring, receiving, possessing, or trafficking of SNAP benefits or EBT cards. Intentional Program Violations can only be the result of a criminal or administrative court (or hearing officer) decision or signed waiver. The evidential burden of proof in all administrative proceedings is “clear and convincing,” a higher burden of proof than “preponderance of the evidence” or criminal probable cause. Intentional Program Violations may result in term or permanent disqualifications and repayments of funds. Overpayments must be calculated back to the month the act first occurred. States currently may retain 35% of recoveries. See [7 CFR 273.16](#) and [7 CFR 273.18](#).
- **Interoperability:** a system that enables program benefits issued to be redeemed outside the State that issued the benefits.
- **IPV:** See *Intentional Program Violation*
- **Mandatory Verifications:** Federal regulations require specific SNAP recipient eligibility items that must be verified at application or recertification, including: identity, income, household composition, residency, citizenship or immigration status, Social Security numbers, work requirements (if applicable), and asset/resource limits (if applicable). The requirements for each eligibility item are detailed under their respective definitions. See [7 CFR 273.2\(f\)](#)
- **PIN:** Personal Identification Number used to approve and authorize a SNAP EBT transaction. PIN numbers are four digits. No standards to PIN selection are in place, although recent account takeovers targeting legitimate SNAP recipient accounts has resulted in the encouragement not to use common digits (such as repeated numbers, sequential digits, or the last four of a Social Security Number). Examples of common PIN numbers includes; 0000,1111,1234,5678, etc.
- **Point-of-Sale (POS) Terminal:** Devices deployed at authorized retail food stores for redeeming benefits by initiating electronic debits and credits of household EBT accounts and retailer bank accounts
- **OFAC:** See *Office of Foreign Assets Control*
- **Office of Foreign Assets Control:** The Office of Foreign Assets Control, situated within the US Department of Treasury, administers various sanctions programs targeting individuals, groups, and business entities involved in activities such as terrorism, narcotics trafficking, proliferation of weapons of mass destruction, and other threats to the national security, foreign policy, or economy of the United States. Compliance with OFAC regulations is mandatory for all US persons, including individuals and entities within the United States, and all US citizens and entities under US jurisdiction abroad.
- **Project Area:** The county or similar political subdivision designated by a State as the administrative unit for program operations. Upon prior FNS approval, a city, Indian reservation, welfare district, or any other entity with clearly defined geographic boundaries, or any combination of such entities, may be designated as a project area, or a State as a whole may be designated as a single project area. Project Areas may be Small (4,999 or fewer households with active caseloads), Medium (5,000-25,000), or Large (more than 25,000 households).
- **Quality Control (QC) Review:** A review of a statistically valid sample of active and negative cases to determine the extent to which households are receiving the SNAP allotments to which they are entitled, and to determine the extent to which decisions to deny, suspend, or terminate cases are correct.



- **Recipient Eligibility Fraud:** Recipient eligibility fraud involves recipients intentionally providing false or misleading information, or purposely omitting material household information, to qualify for SNAP benefits they are not entitled to receive. This can include misrepresenting income, household composition, or assets to meet eligibility criteria. Recipient eligibility is determined by the appropriate County, State, or Territory SNAP Agency. Such fraudulent actions undermine the integrity of the program and divert resources away from those who genuinely need assistance.
- **Retailer Eligibility Fraud:** Retailer eligibility fraud refers to deceptive practices employed by retailers/stores to conceal true ownership, or information relevant to becoming, or remaining, an authorized SNAP retailer. Retailer eligibility is determined by the USDA FNS. The USDA Office of Inspector General has authority to conduct criminal investigations into retailer violations, while USDA FNS is responsible for authorizations, reauthorizations, site inspections, sanctions, and recovering fines associated with administrative violations.
- **SNAP:** Supplemental Nutrition Assistance Program administered by USDA FNS. More information on the SNAP program is available [here](#).
- **SNAP Fraud Framework:** A 2018 “living” document from USDA FNS to States on best practices.
- **Statute of Limitations:** Claims (not related to trafficking) must go back at least one year prior to when you become aware of an overpayment. For IPVs, administrative overpayment claims are not included more than 6 years before agencies became aware of the overpayment.
- **Third-Party Processors:** An entity that facilitates EBT transactions between SNAP recipients and authorized retailers. These processors handle technical aspects of a transaction, including verifying that a recipient card has sufficient funds for the transaction, protect transaction data, and play a crucial role in EBT systems. All authorized retailers must pay for their own EBT equipment and services from an approved list of processors – yet FNS does not research the performance, business practices, reputation, or ethics of processors on their list. Nevertheless, no regulatory or compliance requirements are included in the SNAP program.
- **Trafficking:** A prohibited act (including attempts) by a recipient or retailer to exchange benefits for non-approved food items. The list as defined in [7 CFR 271.2](#), contains examples such as attempted sale/trade of benefits online (such as on social media); exchanging benefits for cash (typical exchanges are \$.50 on the dollar), firearms, ammunition, or narcotics (controlled substances); emptying and exchanging containers for recycling deposits (commonly referred to as ‘water dumping’), reselling product, exchanging benefits for rent, etc. The most common form of trafficking is a quid-pro-quo exchange between a SNAP recipient and an authorized SNAP retailer.
- **USDA:** United States Department of Agriculture.

