



TESTIMONY ON FRAUD AND PROGRAM INTEGRITY IN THE FOOD STAMP PROGRAM

U.S. House of Representatives
Committee on Oversight and Government Reform
Subcommittee on Healthcare, Benefits, and Administrative Rules and
Subcommittee on Intergovernmental Affairs

September 26, 2018

Tarren Bragdon
President and CEO
Foundation for Government Accountability

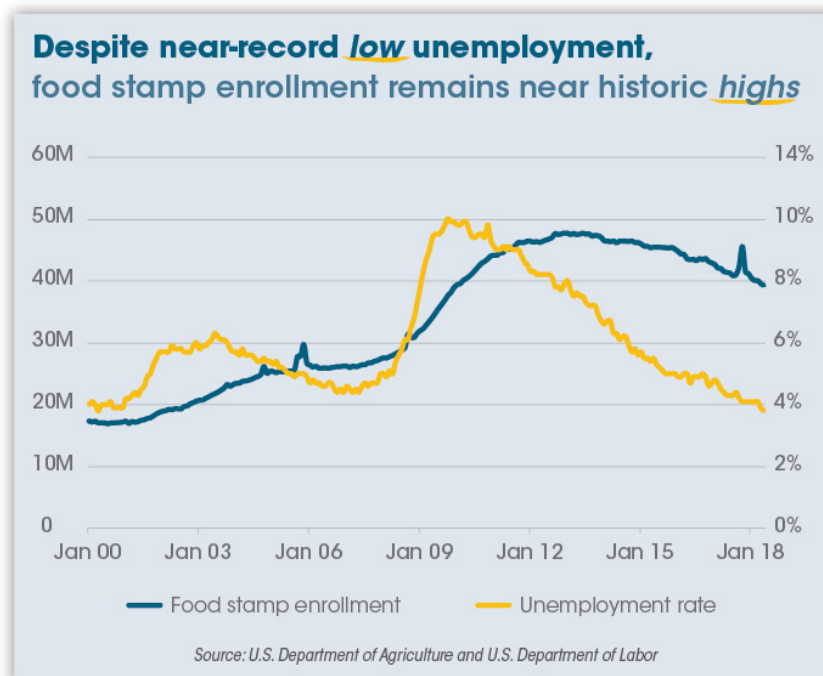
Chairman Jordan, Chairman Palmer, Ranking Members Raskin and Krishnamoorthi, and members of the committee, thank you for the privilege of testifying. I am Tarren Bragdon, and I serve as the President and CEO at the Foundation for Government Accountability (FGA). FGA is a non-profit research organization that primarily focuses on health care and welfare reform at both the state and federal level.

Since I was a state legislator focused on health and human services in the late 1990s I have worked at the state level on welfare policy. At FGA we are directly engaged in welfare policy discussions, including in the Supplemental Nutrition Assistance Program, in more than 30 states. For those of us on the ground at the state policy level, it is encouraging to see Congress, your committee, shining a spotlight on problems in the food stamp program. It is imperative that we find solutions to fraud and integrity problems in the food stamp program to protect the program for the truly needy who rely on it, and for the taxpayers who fund it.

The recent history of massive expansion and associated fraud problems in the food stamp program is alarming. The program grew unchecked for nearly two decades, and that growth has only just begun to level off in large part thanks to the improvements in the economy under President Trump and this Congress. In 2000, there were just 17 million people on food stamps.¹ Today, there are nearly 40 million.² Half are able-bodied adults.³ This comes at a time when there is a record number of job openings and record, or near-record, low unemployment in states across the country.⁴ There are 6.9 million open jobs in the country.⁵

Advocates of increased enrollment in food stamps typically argue that increases in program enrollment are directly connected to the state of the economy. However, in recent years, food stamp growth and sustained record enrollment have diverged from the economy as you can see from Chart 1 below.⁶

Chart 1



This demonstrates that growth in the food stamp program is not simply a factor of the changes in the economic conditions of the country. Record enrollment is a result of deliberate policy decisions over the past two decades at the federal and state level. The majority of those decisions have skewed towards ease of access and lessening the “burden” on state workers and recipients. These policy goals come with concerning side effects—a focus on unfettered access leaves the program wide open to fraud and integrity problems.

There are often intense debates about whether, or how much, fraud exists in the food stamp program. How prevalent fraud is depends partially on how it is defined. Some groups exclude things like “errors” because the error and overpayment do not include definitive proof that someone broke a state or federal law. That narrow view of “fraud” understates the problem. No matter your definition, there are major problems in the food stamp program.

A recent report by Congressional Research Services (CRS) acknowledges that, “There is no single measure that reflects all the forms of fraud in SNAP,” making it easy for some to say that fraud is rare.⁷ However, CRS points out in the same report that there was more than \$2 billion in annual food stamp overpayments.⁸

A more recent release of the National Payment Error Rate (NPER) by the United States Department of Agriculture (USDA) showed a 5.19 percent overpayment rate in the food stamp program. Two states had overpayment rates higher than 10 percent.⁹ At this rate, the total annual overpayment is closer to \$3.5 billion based on an annual expenditure of \$68 billion.¹⁰¹¹ Even assuming this amount accounts for all the fraud out there, which is doubtful, it is a staggering number. No one should accept \$3.5 billion in welfare waste as being acceptable.

Fortunately, some states have taken leadership on this issue and have reoriented their policies towards protecting the food stamp program from fraud, making sure only those that are truly eligible are on the program. For example, 13 states have moved forward with laws and initiatives specifically designed to root out fraud in their food stamp programs.¹² Another 19 states have put limits in place to make sure only those without sufficient resources are on the program.¹³

These types of state policy decisions have helped to draw down enrollment in the food stamp program and protect the safety net for the truly needy. Despite this success, federal law and decisions made in the bureaucracy at the USDA continue to expose the program to fraud and inappropriately high enrollment levels, especially for able-bodied adults. There are several specific categories where fraud and program integrity problems are most acute:

- Income and assets
 - Income and asset eligibility loophole (Broad-Based Categorical Eligibility)
 - Verification
- Reporting requirements
- Length of certification periods
- Residency and duplicate enrollment
- Deceased individuals

- Recipients trafficking benefits
- Retailers trafficking benefits
- Uneven state efforts on fraud
- Able-bodied adults expansion

This is not an exhaustive list of fraud issues in the food stamp program. However, each of these areas represents a significant challenge in the program that has led to real problems and are major drivers in both unnecessary growth in the program and program integrity failures.

Problem Areas

Most of these problem areas have viable solutions that can be readily implemented. In many cases, the rules, regulations, and practices at the federal agency level are responsible for creating the problems. In other cases, state options—allowed by federal law—create vulnerabilities in the program. Too often, overpayments are discounted as “errors” that are not driven by fraud. What is ignored is that the errors are allowed to occur because of the integrity of the program design.

Income and Assets

- **Income and asset eligibility loophole (Broad-Based Categorical Eligibility)** - A hallmark of the food stamp program is that its primary purpose is to help feed the truly needy— poor families, disabled individuals, and the poor elderly. The authorizing law includes a “congressional declaration of policy” that states that the program is intended for “raising levels of nutrition among low-income households.”¹⁴

Despite this clear intended purpose, changes in federal law, regulations, and policy guidance through the years has dramatically shifted the program away from this core objective. Broad-Based Categorical Eligibility (BBCE), a policy that was entirely a creation of the administrative state, allows people with incomes nearly double the poverty level to gain eligibility by simply being eligible to receive TANF-funded, non-cash benefits, which are available to much higher income individuals, who are up to 185 percent of federal poverty.¹⁵

Another hallmark of BBCE is that it effectively waives the asset test. This has a two-fold consequence. First, it allows rich people, even millionaires, to become eligible for the food stamp program.¹⁶ While this is a major integrity problem, BBCE has an even more direct connection to fraud. BBCE is now the most common eligibility for the program,¹⁷ meaning that for most people on food stamps, it does not matter what assets they possess. Since assets do not matter for eligibility, states are not doing checks for things like bank accounts, vehicles, homes, and other real property. This is a problem because it makes it much easier to hide unreported income or other members of the household who may be earning income.

This is not a hypothetical problem. Rachel Dolezal¹⁸ was recently charged with welfare fraud in the state of Washington. Dolezal is accused of stealing more than \$8,000 in welfare benefits

after she lied about the resources she had available to her. This included thousands of dollars in bank accounts the state of Washington never bothered to look for,¹⁹ likely as a result of BBCE. Often times, BBCE has been promoted as a way to simplify work for state government workers who are processing food stamp applications. There have also been many claims made, primarily by state governments and liberal think tanks, that BBCE “reduces errors.”²⁰ Even more notably, USDA itself in an Obama-era 2009 memo signed by Associate Administrator Jessica Shahin, tells regional administrators that they should get more states to use BBCE to “increase SNAP participation.” Shahin goes on to write that USDA would, “encourage you to continue promoting expanded categorical eligibility.” The memo then promises that BBCE can benefit states by “reducing errors.”²¹

However, BBCE does not reduce errors. The United State Government Accountability Office (GAO) found in a 2012 report that, “both our analysis of USDA data and our discussions with SNAP staff suggest that BBCE may, in fact, contribute to more payment errors.”²² What it obviously and effectively does is increase enrollment for people who are traditionally over the income or asset limit.

SOLUTION: *To address this problem, Broad-Based Categorical Eligibility should be eliminated. This will ensure that the program is preserved for the truly needy individuals that rely on it—those with low incomes, and limited assets. Taxpayers should not be asked to fund food stamps for millionaires.*

- **Verifying Income, Assets, and Household Members** – Verifying the information reported by those applying for food stamps is a basic step in the administrative process. However, most states are shortchanging this process and instead of doing thorough checks, defaulting instead to self-attestation of the applicant. A particular problem occurs when someone reports they earn zero income. This triggers a requirement that the state issue the benefit on an expedited basis. By law, benefits have to be issued within seven days to someone with very low, or no income.²³ This leaves the state scrambling to issue the benefit quickly to avoid being penalized for late processing of benefits. Since no income was reported, there is nothing to “verify” and the state moves on. The states should be using databases to check these cases, in particular, when “no income” is claimed, but the little data they are using is outdated and ineffective.

There is a similar gap in the process of verifying who is living in the household. When someone reports that there is no other wage-earner in the household, the state is left trying to verify a negative. In the distant past, states made home visits to determine who was in a household. That does not happen today. Since states are not checking assets, they do not see if there are other adults in the household listed on bank accounts, vehicles, or credit report associated with the address. This leaves a major gap in the verification process.

This is also not a hypothetical problem. Recently, a massive fraud case in Maine was the result of a woman not reporting that her husband was living with her and that she earned a nearly six-figure salary. The state failed for years to do proper verification or checks of her life situation,

leading to the theft of a quarter-million in welfare benefits.²⁴ Another massive case out of New Jersey saw more than 15 people, mostly couples, arrested for a total of more than \$2 million in fraud that included food stamps.²⁵ This case was a direct result of a lack of checking and verifying the resources available to these individuals.

SOLUTION: *To address this problem, states should be required to use reliable, up-to-date third-party data that will quickly verify what income, assets, or household members are part of each case. Some states use these databases now with success, but it is optional for states in the food stamp program.*

Reporting requirements

One of the most basic problems in the food stamp program that facilitates fraud is the lack of regular reporting by recipients. So-called Simplified Reporting allows most recipients to only report changes in their income or household if they make them ineligible for benefits. Traditional reporting, or change reporting, requires that all changes be reported to the food stamp agency within ten days. Simplified reporting was pushed broadly in the early 2000s through changes in a Farm Bill and by regulation. At the time, the primary idea behind Simplified Reporting was that it would require less work for states and recipients, lower errors rates, and expand access.²⁶ It certainly has expanded access, as evidenced by the growth in the program. It is debatable whether it requires less work for states, as state administrative costs have increased right along with enrollment, more than doubling since 2001.²⁷ What we know for certain is that it did nothing to achieve the key supposed benefit of lowering error rates in SNAP. Overpayment error rates were 5.09 percent in 2003 after Simplified Reporting became popular,²⁸ and they are 5.19 percent now.²⁹ Forty-nine states currently operate Simplified Reporting. Maine, however, requires traditional Change Reporting, which requires that changes be reported within ten days of occurring.³⁰

This facilitates fraud and integrity issues because as individuals on food stamps become used to infrequent or no reporting requirements, they are more likely to fail to report information that affects their eligibility even when they are required to, leading to higher overpayments and wrongful eligibility. Another factor that contributes to fraud is the lack of face to face interviews with clients. In-person interviews are generally waived in most states, and home visits are effectively non-existent. While the food stamp program was originally designed for most cases to have a personal interview conducted prior to eligibility, that practice has been regulated and waived out of existence.

SOLUTION: *Allowing individuals on food stamps to only report changes at their annual review or once every six months is not sufficient to properly guard against fraud. Two other options available to states, quarterly reporting and change reporting, are rarely used but are much more effective in catching fraud earlier. Able-bodied adults, in particular, should always have to report meaningful changes when they happen, or at least every few months. Face to face interviews with able-bodied adults would also give states another good opportunity to spot fraud and stop it.*

Certification period lengths

Coupled with Simplified Reporting is the issue of lengthy certification periods. Simplified Reporting allows individuals to avoid reporting most changes when they occur and, instead, wait for their annual

recertification. As a result of policy decisions at the administrative level, the vast majority of the food stamp population only has to report their changes once a year or even less frequently. Current regulations require that households with “unstable circumstances such as households with zero net income” should have certification periods “consistent with their circumstances.”³¹ The regulation exists because households in this category have regularly shifting income and household composition. Therefore, the certification period should be shorter than other households like those with an elderly or disabled individual. However, 37 percent of SNAP recipients are currently in the “zero net income” category, but 98 percent of all households are certified for six months or longer, and 71 percent are certified for 12 months or longer.³² This means that the individual only has to check in with the food stamp agency once a year.

This lengthy certification period is problematic because it provides the state with far fewer opportunities to catch intentional fraud, or mistakes made, by the benefit recipient. One reason the states may be assigning such lengthy periods is that they want to use Simplified Reporting that is “easier” for the state workers to administer. Regulations require that the state agency can only use Simplified Reporting for, “any household certified for at least four months.”³³

SOLUTION: *USDA and states should be held accountable to federal regulations and require able-bodied adults, and those with zero income, to report much more frequently than once or twice each year. The laws and regulations should be adjusted to make sure more regular checks are done to catch problems in the cases.*

Residency and Duplicate Enrollment

According to federal regulations, in order to be eligible for food stamps in a particular state, a person must reside in that state. Unfortunately, there are many cases of individuals spending their food stamp funds entirely outside of the state and continuing to receive food stamp benefits from the state.

A recent example of this problem was highlighted by the State Auditor of Missouri, who found 3,837 cases where Missouri food stamp recipients “used their EBT cards exclusively outside the state during the entire 2-year audit period.”³⁴ And it was not just in neighboring states either. The auditor found multiple instances of usage in California, Texas, Florida, New York, Hawaii, and the Virgin Islands.³⁵ Maine had a similar story, finding \$15 million a year in total EBT transactions,³⁶ food stamps and TANF funds, that were spent outside of Maine, and many in faraway places such as Disney World.³⁷ Federal law allows food stamp users to spend their money in another state. That is often referenced by states when they are asked about checking the data on food stamp expenditures. While that is true, they are not allowed to live in another state, and states can use transaction data, like the Missouri auditor, to pinpoint those bad actors. This should be a requirement for states.

Another issue exposed in the Missouri audit is that federal law exacerbates this problem on two fronts. First of all, simplified reporting does not require someone to report a change in residency. This has to change. Secondly, Missouri has a state law that requires them to temporarily suspend a food stamp account if the user spends funds exclusively in another state for 90 consecutive days. They cannot implement this commonsense state law because federal regulations do not allow it. Another issue around residency occurs when an individual receives food stamps in two or more states.

The Public Assistance Reporting Information System (PARIS) is supposed to catch this type of duplicative enrollment, but it does not work well, and many states do not use it for food stamps.³⁸ Recently, a five-state group in the southeastern U.S. ran a pilot using a private vendor to improve on the PARIS system to catch duplicative enrollment in their regional area. USDA estimates that implementing this National Accuracy Clearinghouse program nationwide would save taxpayers \$1 billion over the next decade.³⁹

SOLUTION: *There should be an improved national database to make sure there is no duplicate enrollment – people getting food stamp benefits in more than one state.*

States should be required to review their EBT card food stamp transactions on a regular basis and act on cases where cards are used exclusively outside of the state for two or three consecutive months.

USDA should allow states to temporarily suspend accounts until the issue is resolved.

Deceased Individuals

Another area of grave concern in the food stamp program is the prevalence of dead individuals continuing to receive food stamp benefits after they expire. While federal law requires states to operate systems to avoid this problem, it continues to rear its ugly head around the country. In their recent audit of the Missouri food stamp program, the auditor found 3,668 cases where food stamp benefits were used 30 or more days after the recipient died.⁴⁰ Pennsylvania found a similar problem in 2016 when he reviewed their food stamp rolls and found 2,324 deceased individuals still receiving benefits at least 60 days after their death costing the state \$693,161 during that time.⁴¹

A 2014 change to food stamp law requires state to report annually to the Secretary of the United States Department of Agriculture to verify that the state agency, “did not issue benefits to a deceased individual,”⁴² but it is unclear whether those reports have been filed, or how states are verifying that they are improving in this area.

SOLUTION: *There is a law on the books now to require states to demonstrate they are making sure there are no deceased individuals on their rolls. Those reports were due in 2017, and USDA should make sure that states are complying.*

States should be required to crosscheck their eligibility rolls at application and, each month, against the state death registry.

Recipients Trafficking Benefits

Trafficking is often considered the most serious form of food stamp fraud, in no small part because it often spills over into other criminal elements. There is significant crossover between food stamp trafficking and the drug underworld.⁴³ This type of trafficking involves trading or selling the EBT card, loaded with food stamps, for cash or drugs. As mentioned earlier, there is debate about how large a problem recipient fraud is in the program. The Congressional Research Service acknowledges that no one really knows the exact recipient fraud rate because there is no uniform measure for this.⁴⁴ They point out that the USDA Office of Inspector General pointed out in a 2012 report that, “FNS cannot

estimate a recipient fraud rate because it has not established how States should compile, track, and report fraud in a uniform manner."⁴⁵

Even beyond the variance in how state food stamp agencies, OIG's, and other entities might count this fraud is that there are often other organizations prosecuting these cases. For example, some states have trained their local law enforcement to prosecute welfare fraud, so it is difficult to capture the full scope of recipient fraud. The director of the award-winning Fraud Unit at the Allen County Department of Job and Family Services, who found intentional violations in four percent of cases they were able to look at, estimates that the rate of misuse is probably as high as 20 percent.⁴⁶ One of the reasons that fraud numbers are artificially low is that states often choose to avoid a Fraud Prosecution, since the burden of proof is high, and it may be easier to simply process the case administratively. We consider any "intentional program violation" an example of fraud.

Regardless of the debate over the exact percentage, we know from nearly daily news stories that recipient trafficking of benefits is a regular occurrence. There are long lists of examples,⁴⁷ like this one from California where nine people were arrested for welfare fraud in late August of this year.⁴⁸

SOLUTION: *Only an authorized user of the card should be allowed to use the card. This should be limited to two or three users who must be on file with the state agency. Currently, there are no restrictions.*

Individuals can also sidestep investigations by stonewalling. Law and regulation should require cooperation with fraud investigators as a condition of eligibility.

Retailers Trafficking Benefits

On the other side of the trafficking coin are the SNAP approved retailers around the country. One of the primary ways that benefits are trafficked is when a store conspires with a food stamp recipient to run a scam that turns the benefit to cash for the recipient and puts extra funds in the accounts of the retailer. There are many high-profile examples of this type of trafficking, many of them highlighted in May congressional testimony by Sam Adolphsen of the Foundation for Government Accountability.⁴⁹

These diverse examples, from Alabama, Maine, Wisconsin, and Massachusetts, show that SNAP retailer fraud is a major issue. The most recent shocking example, which uncovered fraud of staggering magnitude, saw 198 people arrested for allegedly committing \$3.7 million in food stamp trafficking in Jacksonville, Florida.⁵⁰ The investigation was called "Operation Half-Back" because the scam included SNAP retailers giving recipients fifty cents in cash in exchange for a dollar in SNAP benefits.⁵¹

There are more than 263,000 SNAP retailers across the country.⁵² This staggering number represents a challenge to USDA and state partners to properly oversee the integrity of these retailers. In fact, Food and Nutrition Services (FNS) only reviewed the food stamp transactions in 9 percent of these retailers in 2016.⁵³ In particular, so-called "convenience" stores and small markets represent a major challenge in the program. These stores represented 36 percent of the program in 2007, which jumped to 46 percent in 2017.⁵⁴ Concerning is that the trafficking rate for these stores is 18 percent, a rate which has increased in the last decade.⁵⁵

One of the primary ways that this fraud can be combatted is by regularly reviewing EBT card data. However, primary responsibility for retailer monitoring is left up to USDA, and as discussed, they are only reviewing a small portion of stores. USDA also has exclusive authority to sanction or remove an offending retailer from the program. This largely cuts states out of the process, and as a result, many states are not focused at all on reviewing their SNAP retailers or monitoring them.

SOLUTION: *It is clear that USDA/FNS cannot handle the workload of policing SNAP retailers. States should be empowered to remove bad actor stores from participation in the program. They know their local stores better than FNS and are in a better position to partner with local law enforcement to enforce rules and stop fraud.*

When there is a legitimate claim of fraud at a SNAP retailer, it should be temporarily suspended from operating.

Uneven state efforts on fraud

With so many areas of the program prone to fraud, it is critical that the administering agencies are doing everything they can to combat the problems. The challenge is that the food stamp program is almost entirely federally funded, but operated at the state level, with many state policy options. The states are not properly incentivized to find and stop fraud, and it shows in the disparity between states on their level of effort in this area.

For example, as my colleague pointed out in his May testimony, Kentucky in 2016 disqualified nearly 2,000 people from food stamps for inappropriate activity, including 100 who were criminally prosecuted. Massachusetts, a state with 2 million more residents than Kentucky, removed only 365 individuals, and only prosecuted two.⁵⁶ The examples go on. Wisconsin removed 2,000 offenders, while Washington state removed just 200, even though Washington state is much larger. It is not just the results either, but the level of effort where we find massive variance. Michigan completed more than 40,000 investigations into cases in 2016, but New Mexico did just 40 such investigations.⁵⁷ In 2016 North Carolina, a state with about 10 million people, established \$7.5 million in fraud claims, while New Jersey, a state with a similar population of 9 million, established just \$381,000 in fraud claims against recipients.⁵⁸

These disparities demonstrate and suggest a couple of different problems. First of all, the “rate of fraud” typically reported cannot be trusted because it is clear that many states are not actually looking for fraud at all. Until there is a uniform and sufficient effort placed on finding and stopping fraud, we will not know the true fraud rate. Secondly, it highlights that states are not properly incentivized to fight fraud. States should be held more accountable for allowing fraud into the program, or for letting it linger.

SOLUTION: *USDA/FNS needs better reporting from states on how they are fighting fraud, and how many cases they are prosecuting.*

States should be required to operate a baseline level of fraud program that provides a more standard approach and assurance that a minimum level of anti-fraud work is being done.

Congress should eliminate the \$48 million in annual “bonus payments” given to states and re-allocate it specifically for fraud efforts at the state level and should allow states to keep 50 percent of fraud recoveries instead of the current 35 percent.

Able-Bodied Adults Expansion

One of the biggest issues with the food stamp program is the staggering number of able-bodied adults that continue to reside on the program meant for the disabled, elderly, and poor families. Nearly half the program is comprised of able-bodied adults, and 12 million of these are able-bodied parents. Half of these parents do not work at all.⁵⁹ These adults have a basic work requirement in law,⁶⁰ but most states have not implemented this requirement at all. It is unclear if states are following the letter of the law as it pertains to able-bodied adults and the basic work requirements they are subject to.

Along with these 12 million parents, several million additional able-bodied adults are on the food stamp program, in no small part thanks to massive loopholes in state waivers for able-bodied adults without dependents. These state waivers allow them to avoid work requirements, and linger on the program for years without working, despite a booming economy and a record number of jobs.⁶¹

This is especially important as it relates to fraud because the best way to prevent fraud in food stamps is to get people off food stamps and back to work. The decades of the rolls swelling full of able-bodied adults has accompanied the many fraud problems that plague the program. The disabled and poor children are not the issue here. We know from daily news stories and first-hand accounts from state officials around the country that able-bodied adults between 18-60 are the most likely to commit fraud in the program. They are also the most likely to come to the program through the fraud-prone process of BBCE, use simplified reporting, and be involved in many of the other problem areas of the program discussed above.

SOLUTION: *Ensure that work requirements for able-bodied adults are implemented properly to help move millions of adults from food stamps into work, reducing the number of individuals on the program and reducing the overall prevalence and potential for fraud.*

References

- ¹ Food and Nutrition Service, "Supplemental Nutrition Assistance Program Participation and Costs September 7, 2018," U.S. Department of Agriculture (2018), <https://fns-prod.azureedge.net/sites/default/files/pd/SNAPsummary.pdf>.
- ² Food and Nutrition Service, "Nutrition Assistance Programs Report June 2018," U.S. Department of Agriculture (2018), <https://fns-prod.azureedge.net/sites/default/files/datastatistics/June-performance-report-2018.pdf>
- ³ "State Impact of the 2018 Farm Bill," Foundation for Government Accountability (2018), <https://thefga.org/research/state-impact-of-the-2018-farm-bill/>.
- ⁴ Bureau of Labor Statistics, "Local Area Unemployment Statistics," U.S. Department of Labor (2018), <https://stats.bls.gov/web/laus/lausthl.htm>.
- ⁵ Jeffry Bartash, "U.S. job openings climb to record 6.9 million," Market Watch (2018), <https://www.marketwatch.com/story/us-job-openings-climb-to-record-69-million-2018-09-11>.
- ⁶ Chart compiled with data from the U.S. Department of Agriculture and U.S. Department of Labor
- ⁷ Daniel R. Cline & Randy Alison Aussenburg, "Errors and Fraud in the Supplemental Nutrition Assistance Program (SNAP)," Congressional Research Service (2018), <https://fas.org/sgp/crs/misc/R45147.pdf>.
- ⁸ Ibid.
- ⁹ Food and Nutrition Service, "Supplemental Nutrition Assistance Program Payment Error Rates Fiscal Year 2017, U.S. Department of Agriculture (2018), <https://fns-prod.azureedge.net/sites/default/files/snap/FY17-QC-Payment-Error-Rates.pdf>.
- ¹⁰ Authors calculations based on 2017 expenditure.
- ¹¹ Food and Nutrition Service, "Supplemental Nutrition Assistance Program Participation and Costs September 7, 2018," U.S. Department of Agriculture (2018), <https://fns-prod.azureedge.net/sites/default/files/pd/SNAPsummary.pdf>
- ¹² "State Check-Up Map," Foundation for Government Accountability (2018), <https://thefga.org/state-check-map/>
- ¹³ Ibid.
- ¹⁴ 7 USC Ch. 51: Supplemental Nutrition Assistance Program, U.S. House of Representatives, <http://uscode.house.gov/view.xhtml?path=/prelim@title7/chapter51&edition=prelim>
- ¹⁵ Randy Alison Aussenburg & Gene Falk, "The Supplemental Nutrition Assistance Program (SNAP): Categorical Eligibility," Congressional Research Service (2018), <https://fas.org/sgp/crs/misc/R42054.pdf>.
- ¹⁶ Kristina Rasmussen, "How Millionaires Collect Food Stamps," The Wall Street Journal (2018), <https://www.wsj.com/articles/how-millionaires-collect-food-stamps-1516044026>.
- ¹⁷ Elizabeth Laird and Carole Trippe, "Programs conferring categorical eligibility for SNAP: State policies and the number and characteristics of households affected," *Mathematica* (2014), https://www.mathematica-mpr.com/api/sitecore/MediaLibrary/ActualDownload?fileId=%7B9135CB5F-F3E1-43E6-ADE2-C232B26593EB%7D&fileName=SNAP_Categorical_Eligibility.pdf&fileData=SNAP_Categorical_Eligibility.pdf%20-%20%7B9135CB5F-F3E1-43E6-ADE2-C232B26593EB%7D&fileMime=application%2Fpdf.
- ¹⁸ Matthew Haag, "Rachel Dolezal, Who Pretended to be Black, Is Charged with Welfare Fraud," *The New York Times* (2018), <https://www.nytimes.com/2018/05/25/us/rachel-dolezal-welfare-fraud.html>.
- ¹⁹ Office of Fraud and Accountability, "Investigative Report," State of Washington Department of Social and Health Services (2018), <http://ftpcontent.worldnow.com/khq/DolezalChargedWithWelfareFraud.pdf>.
- ²⁰ Budget and Tax Center, "Vote No On HB 1047: Categorical Eligibility Enhances Efficiency and Reduces Costs. It Also Helps Working Families, Older Adults, and People with Disabilities Put Food on the Table," North Carolina Justice Center (2016), <http://www.ncjustice.org/sites/default/files/Fact%20Sheet%20-%20SNAP--Categorical%20EligibilityHB1047.pdf>.

-
- ²¹ Food and Nutrition Service, "Improving Access to SNAP through Broad-Based Categorical Eligibility," U.S. Department of Agriculture (2009), <https://fns-prod.azureedge.net/sites/default/files/snap/Improving-SNAP-Access-through%20Broad-Based-Categorical-Eligibility.pdf>.
- ²² "Report to Congressional Requesters: SNAP Improved Oversight of State Eligibility Expansions Needed," U.S. Government Accountability Office (2012), <https://www.gao.gov/assets/600/593070.pdf>.
- ²³ 7 USC Ch. 51: Supplemental Nutrition Assistance Program, U.S. House of Representatives, <http://uscode.house.gov/view.xhtml?path=/prelim@title7/chapter51&edition=prelim>.
- ²⁴ Don Carrigan, "Warren woman charged in biggest case of welfare fraud in state history," WCSH News Center Maine (2016), <https://www.newscentermaine.com/article/news/local/warren-woman-charged-in-biggest-case-of-welfare-fraud-in-state-history/339308599>.
- ²⁵ Payton Guion, Alex N. Gecan, & Andrew Ford, "14 Arrested in New Jersey Welfare Fraud Investigation," USA Today (2017), <https://www.usatoday.com/story/news/nation-now/2017/06/28/new-jersey-arrests-welfare-fraud-investigation/435144001/>.
- ²⁶ Food and Nutrition Service, "Simplified Reporting -- Conversations with States," U.S. Department of Agriculture, <https://fns-prod.azureedge.net/sites/default/files/a-sr-report.pdf>.
- ²⁷ Food and Nutrition Service, "Supplemental Nutrition Assistance Program Participation and Costs," U.S. Department of Agriculture (2018), <https://fns-prod.azureedge.net/sites/default/files/pd/SNAPsummary.pdf>.
- ²⁸ Food and Nutrition Service, Food Stamp Program: Payment Error Rates, U.S. Department of Agriculture (2005), <https://fns-prod.azureedge.net/sites/default/files/snap/2003-rates.pdf>.
- ²⁹ Food and Nutrition Service, "Supplemental Nutrition Assistance Program: Payment Error Rates FY 2017," U.S. Department of Agriculture (2018), <https://fns-prod.azureedge.net/sites/default/files/snap/FY17-QC-Payment-Error-Rates.pdf>.
- ³⁰ Food and Nutrition Service, "State Options Report," U.S. Department of Agriculture (2018), <https://fns-prod.azureedge.net/sites/default/files/snap/14-State-Options.pdf>.
- ³¹ 7 CFR § 273.12 - Reporting requirements, <https://www.law.cornell.edu/cfr/text/7/273.12>
- ³² Sarah Lauffer, "Characteristics of Supplemental Nutrition Assistance Program Households: Fiscal Year 2016," U.S. Department of Agriculture (2017), <https://fns-prod.azureedge.net/sites/default/files/ops/Characteristics2016.pdf>.
- ³³ 7 CFR § 273.12 - Reporting requirements, <https://www.law.cornell.edu/cfr/text/7/273.12>
- ³⁴ Nicole Galloway, "Report No. 2018-032, Supplemental Nutrition Assistance Program (SNAP) Data Analytics Program," Office of Missouri State Auditor (2018), https://app.auditor.mo.gov/Repository/Press/2018032266672.pdf?_ga=2.202183889.1178801371.1536780174-1325229334.153678017.
- ³⁵ Ibid.
- ³⁶ http://searchprod.lis.state.oh.us/cm_pub_api/api/unwrap/ready_for_publication/cmte_s_hhs_1/testimony/cmte_s_hhs_1_2018-01-30-0315_1078/ebftotals.pdf.
- ³⁷ Statement of Mary Mayhew Commissioner, Maine Department of Health and Human Services <https://oversight.house.gov/wp-content/uploads/2016/06/2016-06-09-Mary-Mayhew-Testimony-MDHHS.pdf>.
- ³⁸ Jonathan Ingram, "Five states know how to stop welfare fraud — what is everyone else doing?" Washington Examiner (2018), <https://www.washingtonexaminer.com/opinion/five-states-know-how-to-stop-welfare-fraud-what-is-everyone-else-doing>.
- ³⁹ Food and Nutrition Service, "The extent of trafficking in the Supplemental Nutrition Assistance Program: 2012–2014," U.S. Department of Agriculture (2017), <https://fns-prod.azureedge.net/sites/default/files/ops/Trafficking2012-2014.pdf>.

-
- ⁴⁰ Nicole Galloway, "Report No. 2018-032, Supplemental Nutrition Assistance Program (SNAP) Data Analytics Program," Office of Missouri State Auditor (2018), https://app.auditor.mo.gov/Repository/Press/2018032266672.pdf?_ga=2.202183889.1178801371.1536780174-1325229334.1536780174.
- ⁴¹ Jerry Gaul, "Audit: 2,324 dead people were paid welfare benefits in Pa.," The Voice Philly (2016), <https://www.phillyvoice.com/audit-2324-dead-people-were-paid-welfare-benefits-pa/>.
- ⁴² 7 U.S. Code § 2036c
- ⁴³ Sam Adolphsen, "How the food stamp crisis is fueling the drug pandemic," Foundation for Government Accountability (2017), <https://thefga.org/wp-content/uploads/2018/04/How-the-food-stamp-crisis-is-fueling-the-drug-pandemic.pdf>.
- ⁴⁴ Daniel R. Cline & Randy Alison Aussenburg, "Errors and Fraud in the Supplemental Nutrition Assistance Program (SNAP)," Congressional Research Service (2018), <https://fas.org/sgp/crs/misc/R45147.pdf>.
- ⁴⁵ "Analysis of FNS' Supplemental Nutrition Assistance Program Fraud Prevention and Detection Efforts," U.S. Department of Agriculture (2018), <https://www.usda.gov/oig/webdocs/27002-0011-13.pdf>.
- ⁴⁶ Josh Ellerbrock, "Jobs and Family Services grabs top honors fighting fraud," Lima News (2018), <http://www.limaohio.com/news/297440/jobs-family-services-grabs-top-honors-fighting-fraud>.
- ⁴⁷ Sam Adolphsen, "5 Welfare Scams Happening Right Now that Prove that We Need Welfare Reform," The Federalist (2018), <http://thefederalist.com/2018/04/12/5-welfare-scams-happening-right-now-prove-need-reform/>.
- ⁴⁸ Lewis Griswold, "Nine Busted in Tulare County welfare fraud crackdown," The Fresno Bee (2018), <https://www.fresnobee.com/latest-news/article217525705.html>.
- ⁴⁹ Sam Adolphsen Testimony on Program Integrity for the Food Stamp Program, <https://thefga.org/research/sam-adolphsen-testimony-on-program-integrity-for-the-food-stamp-program/>.
- ⁵⁰ Chris Parenteau, "198 ensnared in Jacksonville food stamp fraud totaling \$3.7M," News 4 Jax (2018), <https://www.news4jax.com/news/local/jacksonville/jacksonville-busts-organized-fraud-ring>.
- ⁵¹ *ibid*
- ⁵² Food and Nutrition Service, "Fiscal Year 2017 At-A-Glance," U.S. Department of Agriculture (2018), <https://fns-prod.azureedge.net/sites/default/files/snap/2017-SNAP-Retailer-Management-Year-End-Summary.pdf>
- ⁵³ Daniel R. Cline & Randy Alison Aussenburg, "Errors and Fraud in the Supplemental Nutrition Assistance Program (SNAP)," Congressional Research Service (2018), <https://fas.org/sgp/crs/misc/R45147.pdf>
- ⁵⁴ *ibid*
- ⁵⁵ *ibid*
- ⁵⁶ Food and Nutrition Service, "Supplemental Nutrition Assistance Program State Activity Report Fiscal Year 2016," U.S. Department of Agriculture (2017), <https://fns-prod.azureedge.net/sites/default/files/snap/FY16-State-Activity-Report.pdf>
- ⁵⁷ *ibid*
- ⁵⁸ *ibid*
- ⁵⁹ Jonathan Ingram, Sam Adolphsen, & Nic Horton, "The case for expanding food stamp work requirements to parents." Foundation for Government Accountability (2018), <https://thefga.org/wp-content/uploads/2018/02/The-case-for-expanding-food-stamp-work-requirements-to-parents.pdf>
- ⁶⁰ 7 U.S. Code § 2015(d)
- ⁶¹ Sam Adolphsen, Jonathan Ingram, Nic Horton, Victoria Eardley, Nick Stehle, "Waivers Gone Wild: How states have exploited food stamp loopholes" Foundation for Government Accountability (2018), <https://thefga.org/wp-content/uploads/2018/06/Waivers-Gone-Wild-6-5-18-update.pdf>.