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A Reform Framework for the Supplemental Nutrition Assistance Program

A PROJECT LED BY THE AMERICAN ENTERPRISE INSTITUTE

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October 2024

American Enterprise Institute

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Executive Summary

The Supplemental Nutrition Assistance Program (SNAP) is among the largest safety-net programs for low-income households in the US. After beginning as a small program—then titled the Food Stamp Program—aimed at transferring excess commodities to low-income households, SNAP has become one of the largest components of the American safety net, providing more than $100 billion in food benefits to low-income households each year.[1]

In the original authorization of the Food Stamp Program, Congress stated, "It is hereby declared to be the policy of Congress, in order to promote the general welfare, to safeguard the health and well-being of the Nation's population by raising levels of nutrition among low-income households."[2] Today, SNAP needs substantial reform to realize this goal. As caseloads and expenditures have grown, SNAP has become increasingly disconnected from the core goal of reducing food insecurity and improving nutrition, failing to reverse downward trends along various measures of health and well-being.[3] The purpose of this report is to offer specific SNAP reforms that maximize the program's strengths while addressing certain weaknesses that limit its effectiveness.

This report is the result of several meetings involving SNAP policy experts throughout 2024. The ideas contained in this report are not necessarily endorsed by every individual involved in the meetings; rather, the intent is to present a comprehensive set of ideas and policy recommendations to inform ongoing policy debates surrounding SNAP. We focused on five areas in SNAP that particularly need reforming: (1) program administration, (2) eligibility and benefit levels, (3) employment and poverty reduction, (4) nutrition improvement, and (5) program integrity.

SNAP Reform Agenda

1. Program Administration

- Incentivize states to implement SNAP more efficiently by requiring them to fund a larger share of SNAP benefit costs.
- Allow states more flexibility with current program rules outside of the waiver process, including establishing benefit levels, phaseout rates, work requirements, and nutrition standards.
- Hold states accountable for meeting program goals by reporting performance measures related to participants' employment, wages, wage growth, nutrition, and health outcomes.

2. Eligibility and Benefit Levels

- Return benefit levels to the levels before the 2021 Thrifty Food Plan reevaluation, adjusted for inflation.
- End broad-based categorical eligibility's increased income and asset limits.
- Improve the benefit design to offer predictable and reasonable benefit phaseout rates that minimize work disincentives.
- Require that states verify recipients' income at least every six months, and improve the use of technology to minimize participant burden.
- Ensure emergency measures are tied to a date within six months of the legislative action.

3. Employment and Poverty Reduction

- Restrict the criteria by which states can waive federal work requirements, and prevent states from combining substate areas to manipulate waiver criteria.
- Expand federal work requirements among able-bodied adults without dependents to include those up to age 59 and those whose youngest child is school-age.
- Minimize work disincentives (i.e., benefit cliffs) by revising federal eligibility criteria and income deductions to ensure that the entrance point, phaseout rate, and exit point align and benefits slowly and continuously phase out.

4. Nutrition Improvement

- Make improving diet quality and health outcomes a core SNAP objective, and require the US Department of Agriculture (USDA) to report on progress.
- Establish nutrition standards in SNAP, and develop data to measure progress toward meeting those standards.
- Evaluate the effectiveness of fruit and vegetable incentives and benefit restrictions.
- Encourage SNAP retailers to focus their marketing efforts and stocking standards on nutrition.
- Require the USDA to submit a semiannual report to Congress on SNAP participants' diet quality and health outcomes.

5. Program Integrity

- Incentivize states to detect and prevent errors and fraud by requiring them to fund a larger share of SNAP costs.
- Prevent errors and fraud by strengthening eligibility-verification efforts—allowing collateral data source matches to qualify as verified upon receipt and eliminating (or reducing) self-attestation as a verification method.
- Allow states to retain the state share of fraudulent benefits recouped (50 percent) and an additional 15 percent (65 percent in total) to invest in fraud-detection activities.
- Tighten criteria for authorizing retailers to accept SNAP benefits to prevent bad actors from entering the program.
- Require retailers to share de-identified transaction data with the USDA on items purchased through SNAP.

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Program Administration

The Supplemental Nutrition Assistance Program (SNAP) is one of more than 80 means-tested safety-net programs in the US designed to alleviate hardship among low-income households.[4] However, SNAP's specific objectives and design distinguish it from other well-known safety-net programs. For instance, a stated goal of SNAP is to "[raise] levels of nutrition among low-income households," making it both an income-support and nutrition program.[5] Unlike traditional cash welfare programs, such as Temporary Assistance for Needy Families (TANF), the earned income tax credit, and Supplemental Security Income (SSI), SNAP benefits are not provided as unrestricted cash payments. Instead, SNAP benefits are in-kind, similar to an electronic voucher, and can be used only for food or beverages. SNAP's administrative and financing structure offers little incentive to states to control the program's costs and improve outcomes among recipients, all while providing little administrative flexibility for states to experiment with innovative methods to improve outcomes for low-income families.

Unlike other safety-net programs, SNAP is authorized by Congress through the farm bill, funded through the United States Department of Agriculture (USDA), and overseen by the USDA's Food and Nutrition Service (FNS). Originally called the Food Stamp Program, SNAP began as a commodity-distribution program—providing excess commodities to poor households—and evolved into a more traditional income-support program in the 1970s. It is now one of the largest safety-net programs in the US in terms of participation and expenditures.

SNAP exists among a complex web of safety-net programs administered by many different agencies at different levels of government. In addition to inflating bureaucratic costs, the disjointed structure of the safety net prevents policy from adequately addressing poverty. One comprehensive solution is for federal policymakers to remove SNAP from the farm bill (and perhaps the USDA) altogether; consolidate it with other income-maintenance, cash-based programs, such as TANF and SSI; and give states more flexibility to design an effective antipoverty approach. This would reduce administrative inefficiencies at the federal and state levels while giving states an opportunity to design better programs that support employment, marriage, and good health.

We recognize that this would require a complete overhaul of the existing safety net and that policymakers need time to conduct analysis and consultation before moving in this direction. Nonetheless, we believe this should be a long-term goal to reduce redundancy and duplication in the existing system while increasing efficiency and effectiveness for low-income families.

Even before such major changes occur, federal policymakers can still enact several reforms to SNAP to make the program more effective at accomplishing its core goals. Currently, the federal government is solely responsible for setting benefit levels, eligibility criteria, and rules for how states must administer the program. Although states are ultimately responsible for administering and distributing benefits to recipients, states have little flexibility in implementing the program; for example, they cannot control benefit levels, eligibility criteria, and the types of foods allowed through the program.

Under certain conditions, states can request to waive some of SNAP's rules and regulations, including when a rule waiver will improve program effectiveness. FNS reviews, approves, or denies waiver requests.[6] Outside of the waiver process, states are constrained in their ability to adapt SNAP rules to meet their individual needs, including efforts to increase efficiencies, constrain costs, address fraud, and improve participant outcomes.

Primarily relegated to the role of benefit processors, state agencies focus on eligibility assessments and payment processing under federal guidelines. However, because of their frontline interaction with SNAP participants, states are ideally positioned to improve SNAP performance. Yet achieving this necessitates incentivizing state agencies to identify and enact program reforms.

In addition to giving states relatively little flexibility to experiment with various aspects of the program's design, SNAP's current financing structure creates a disincentive for states to limit their costs by improving recipients' outcomes. Federal funds cover 100 percent of benefit costs and approximately 50 percent of administrative costs, with the remaining administrative costs covered by the states. Given that the federal government covers the majority of SNAP's costs, states have little financial incentive to improve economic self-sufficiency among low-income recipients.

To achieve program efficiencies that better serve SNAP participants, we propose the following changes to SNAP's administration.

- Increase the states' financial stake in SNAP by requiring them to fund a larger share of program benefits (for example, up to 50 percent over time), phasing in their share by 5 percent each year over 10 years.

- Paired with an increased funding requirement, allow states more flexibility with current program rules by establishing a base level of support associated with federal eligibility guidelines, while also giving states the ability to implement state-specific policies, such as supplementing benefit levels, increasing asset limits, expanding income eligibility, implementing time limits, instituting work requirements, and setting nutrition standards.

- Hold states accountable for meeting program goals by reporting performance measures related to participants' employment, wages, wage growth, nutrition, and health outcomes.

Lack of Incentive for States to Improve Participant Outcomes

The crux of SNAP's program administration issues rests on the minimal incentive for states to control costs, enhance efficiencies, and boost effectiveness. The USDA's FNS establishes rules and regulations that often run contrary to these goals, driving up costs and prolonging benefit receipt due to work disincentives. States have little incentive to address these challenges because only a small amount of state funds are at stake and because states only have the ability to waive certain administrative aspects of the program—not offer innovative solutions to existing problems.

This is especially evident in areas such as encouraging work and keeping SNAP well targeted to those most in need. For example, while states can implement work requirements for SNAP participants, states have little incentive to do so because they benefit from the large influx of federal benefits seemingly outweighing the long-term benefits of participants moving to work. Similarly, expanding eligibility through policies such as broad-based categorical eligibility permits states to extend benefits to households with income up to 200 percent of the federal poverty level, driving up SNAP participation and costs. States might see a short-term advantage to increasing participation and federal benefits coming into their state, without considering the long-term consequences for families when SNAP traps them in poverty. Though states are well positioned to help families achieve self-sufficiency, there is scant incentive for states to implement policies that would scale back SNAP benefits and encourage employment since higher participation translates into more federal dollars.

We propose the following solutions.

Require states to fund a larger share of program benefits—for example, phasing in their share by 5 percent each year over 10 years. Because the federal government, not the states, covers 100 percent of SNAP benefit costs, there is little incentive for states to constrain costs and promote better outcomes for recipients. Participation in SNAP has grown tremendously over the past two decades, with federal taxpayers picking up the tab. From 2000 to 2022, the SNAP caseload grew 138 percent, far outpacing the growth in the number of people in official poverty, which grew by only 22 percent.[7]

As a starting place for negotiation with the states, Congress should propose to shift 5 percent of SNAP's total costs to states each year over a 10-year period while increasing flexibility. Shifting the financing structure of SNAP to require states to pay a larger share of benefit costs would force states to consider the implications of their policy choices, especially related to work, benefit eligibility, and fraud detection. Granted, this would increase financing responsibility for states, but it would also require states to work with the federal government to become more efficient and effective in their administration of SNAP.

Allow states more flexibility with current program rules. In shifting some of the financial responsibility for SNAP costs to states, the federal government should also allow states to have greater control over SNAP's administration, eligibility criteria, and methods to improve outcomes for recipients. Federal policies would set minimum standards, such as minimum benefit levels, nutrition standards, minimum work requirements, and phaseout rates, but they would also give states flexibility to modify those policies to meet their state's specific needs. The federal government would cover a portion of the funding for the minimum standards, with the states covering the rest. Additionally, state-specific policies could include supplementing benefit levels, instituting work requirements, addressing fraud, and setting nutrition standards. For example, states could fund 100 percent of SNAP benefits for recipients who fail to meet the minimum federal work requirement.

Hold states accountable for meeting program goals by reporting performance measures related to participants' employment, wages, wage growth, nutrition, and health outcomes.

Like with other safety-net programs, the federal government should establish performance measures to hold states accountable for effectively operating SNAP. Employment-related performance measures similar to those found in the Workforce Innovation and Opportunity Act (WIOA) and TANF would allow policymakers to assess the ability of SNAP participants to find and sustain employment. For example, SNAP could adopt WIOA's employment metrics, including the employment rate in the second and fourth quarter after program entry and exit and median earnings in the second and fourth quarter after program entry and exit. Similarly, outcome measures should assess nutrition, such as changes to the Healthy Eating Index among SNAP participants.

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Eligibility and Benefit Levels

Like with any means-tested safety-net program, policymakers must ensure that Supplemental Nutrition Assistance Program (SNAP) benefits go to households in need and are distributed according to that need. This is important for not only meeting the needs of low-income households but also maintaining public trust in the program and conserving public dollars. To achieve this balance, the process to determine eligibility and benefits must be fair, with the highest benefits allocated to those with the greatest need.

To ensure that SNAP meets this charge, policymakers must reform four specific aspects of the program: (1) benefit levels as determined by the Thrifty Food Plan, (2) broad-based categorical eligibility (BBCE), (3) benefit phaseout rates, and (4) emergency measures. As SNAP evolves, it is important to set benefits to appropriate levels, acknowledge fiscal constraints, design benefits in a way that minimizes employment disincentives, and limit waste and poorly targeted program funds.

Reforming federal eligibility and benefit levels would save taxpayers money and ensure SNAP provides benefits to low-income households in need of assistance. Specifically, we recommend Congress consider the following federal SNAP eligibility and benefit reforms:

- Return federal benefits to the levels before the 2021 Thrifty Food Plan reevaluation, updated for inflation. The reevaluation was historically unprecedented, and estimates suggest returning to previous levels would save $20 billion a year.[8] In addition, consistent with past precedent, any future Thrifty Food Plan updates should be legislated to be cost neutral.

- End BBCE to ensure that SNAP benefits are reserved for low-income households. Alternatively, redefine categorical eligibility to include only those who receive a non-negligible benefit from other federal safety-net programs.

- Improve the structure of SNAP benefits by harmonizing the program's benefit levels, phaseout rate, and exit point. This may include decreasing deductions and creating a consistent benefit reduction rate to end at 130 percent of the federal poverty level (FPL)—the current income eligibility limit.

- Require that states verify SNAP recipients' income at least every six months. This may require improved data accessibility to minimize participant burden through data sharing—whether with the IRS, the state department of revenue, administrators of different programs, or private payroll processing companies—that would allow income to be checked and benefits updated frequently.

- Ensure emergency measures end at a set date within six months of the legislative action. Then require Congress to reexamine the situation that led to the emergency measures rather than relying on the executive branch.

The Thrifty Food Plan

In fiscal year 2020, total SNAP expenditures were approximately $74.2 billion.[9] SNAP expenditures increased to $108 billion in 2021 and $113 billion in 2022. During the COVID-19 pandemic, increases in economic hardship and relaxation of eligibility requirements caused an additional 4.3 million people to receive SNAP benefits. Moreover, Congress increased SNAP expenditures by increasing the maximum monthly allotment through various legislative and regulatory reforms. However, SNAP's continued high projected level of spending resulted from the 2021 Thrifty Food Plan reevaluation.[10]

SNAP benefit levels are based on the Thrifty Food Plan, which determines the cost of a nutritious, budget-conscious diet for a family of four.[11] Before 2021, the US Department of Agriculture (USDA) had updated the Thrifty Food Plan only a few times to reflect updated guidance on healthy diets, but these updates had always been cost neutral.[12] The USDA's Food and Nutrition Service (FNS) already adjusts SNAP benefits annually to account for inflation.

In the 2018 Farm Bill, Congress mandated a reevaluation of the Thrifty Food Plan every five years. In its score of the 2018 Farm Bill, the Congressional Budget Office assumed this reevaluation would be consistent with past precedent and would not increase benefit levels beyond inflation. However, in August 2021, FNS released a new Thrifty Food Plan, timed to correspond with the expiration of a temporary pandemic-related increase in SNAP benefits.[13] The reevaluation broke the cost-neutral precedent, substantially increasing SNAP benefit levels administratively and without congressional approval for the first time in the program's history.[14]

Raising questions about the process, Republican leaders on the House Agriculture Committee and the Senate Committee on Agriculture, Nutrition, and Forestry requested that the Government Accountability Office (GAO) investigate FNS's reevaluation of the Thrifty Food Plan.[15] In its 2022 report, the GAO concluded that "officials made this update without key project management and quality assurance practices in place." GAO also found that "key decisions did not fully meet standards for economic analysis, primarily due to failure to fully disclose the rationale for decisions, insufficient analysis of the effects of decisions, and lack of documentation."[16]

This unprecedented reevaluation increased benefits by 21 percent on average with no input from Congress or the public.[17] Estimates suggest that the Thrifty Food Plan reevaluation will cost approximately $200 billion over the next 10 years.[18]

We propose the following solution.

Repeal the 2021 Thrifty Food Plan and return SNAP benefit levels to pre-2021 levels, adjusted for inflation. Repealing the 2021 Thrifty Food Plan reevaluation would reset benefits to the maximum allotment before the 2021 change, indexed to inflation, and save taxpayers up to $20 billion a year.[19] It would reverse the inappropriate benefit increase led by the USDA's FNS in 2021. Policymakers should also legislatively prevent another administrative increase in benefits in future Thrifty Food Plan reevaluations by clearly stating that reevaluations must be cost neutral. Finally, the USDA FNS must conduct a proper reevaluation to consider updates to dietary guidelines and develop Thrifty Food Plans for all household sizes, to ensure maximum allotment tables are consistent across households.

Broad-Based Categorical Eligibility

Under BBCE, federal law permits states to classify certain households as SNAP eligible if they receive benefits from Temporary Assistance for Needy Families (TANF) or Supplemental Security Income (SSI). However, under an administrative option in SNAP, "benefit" is defined so broadly that it includes anything a TANF-eligible family receives that is funded with TANF dollars. States have exploited this administrative rule to provide minimal TANF benefits that confer categorical eligibility, including distributing pamphlets and 1-800 numbers to TANF-eligible families.[20] Because the TANF gross income limits are higher than those for SNAP (up to 200 percent of the FPL for TANF, compared to 130 percent for SNAP) and do not have an asset limit, households otherwise ineligible for SNAP are made eligible through these loopholes.[21] Furthermore, because of the availability of substantial income deductions—benefits are determined by net income, after deductions—households with gross incomes up to 200 percent of the FPL can still receive a relatively large SNAP benefit.

As of 2024, 44 states have adopted BBCE—and only four of the 44 have an asset limit.[22] Adopting the BBCE option has allowed households with substantial assets to enroll in SNAP.[23]

We propose the following solutions.

Change the federal statute to better define categorical eligibility, particularly in TANF. The federal statute should define "benefit" as a continuous benefit that equals some base level—for instance, a benefit equal to $50 a month.[24] This would ensure that TANF confers SNAP eligibility only when a household has low enough income to qualify for an ongoing TANF benefit.

Incentivize state policymakers to change their categorical eligibility standards. States could simply opt out of BBCE. They could reestablish asset tests and SNAP gross income tests or determine eligibility for TANF more rigorously. If states were required to fund a portion of SNAP benefit costs (as we previously proposed), they would have an incentive to reduce program costs and tighten eligibility standards.

Remove categorical eligibility altogether. Policymakers could eliminate categorical eligibility altogether, simply requiring all SNAP recipients to meet the current eligibility criteria as it is written into law. To smooth a transition, the federal government should fund 100 percent of administrative costs to reprogram eligibility systems to eliminate BBCE, for up to three years following the policy change. Federal lawmakers should also revise asset limits upward to exempt market-rate vehicles and savings up to $8,000, indexed to inflation. If the financing structure of SNAP moved to a state cost-sharing model (as proposed throughout this report), states would have an increased incentive to reduce caseloads by eliminating BBCE.

Legislate consistent eligibility requirements and procedures across programs. The Social Security Administration (SSA) recently expanded the definition of a public assistance household (effective September 30, 2024).[25] This means that SNAP receipt confers SSI eligibility and SSI receipt confers SNAP eligibility. SSA accepts self-attestation for some income and assets to determine SSI eligibility, while SNAP uses different rules and eligibility procedures. If SSI confers eligibility for SNAP and vice versa, income and assets should be verified through secondary sources using the same procedures.

We recommend that Congress legislate consistent requirements and procedures across programs for eligibility determination or direct administrative agencies to define consistent requirements and procedures across programs. This would also reduce burden and confusion for participants.

Benefit Design

SNAP benefits are set according to a complicated formula that varies from household to household depending on household composition and income sources, and benefit levels sometimes do not respond to changes in income. When benefit levels do not reflect need, SNAP is not accomplishing one of its most fundamental goals of alleviating hardship.

For most households, there are three eligibility tests:

1. Gross income must equal or fall below 130 percent of the FPL.

2. Net income must also be equal to or fall below 100 percent of the FPL. Households can deduct certain expenses and amounts from their gross income—such as earnings, childcare, medical costs, and rent—resulting in a lower net income so they receive more in benefits.[26]

3. Assets must be below $2,750, although most states do not have an asset test due to BBCE. Assets must be below $4,250 for households with a member who is disabled or older than 60.[27]

The benefit formula allows for a continuously phased-out benefit before income reaches the gross or net income limit. The benefit phaseout assumes that households spend 30 percent of net income on food, with SNAP making up the difference.[28]

Despite this intended formula and slow phaseout of benefits, sharp benefit declines can occur for the following reasons.

- **High Benefits and Income Limits.** Due to the Thrifty Food Plan's benefit increase and the availability of income deductions, benefits do not fully phase out as households approach income eligibility limits. Even in states that expanded income eligibility to 200 percent of the poverty level through BBCE, many households face an abrupt benefit cliff as their income approaches the gross income limit.

- **Income Increases Without Benefit Adjustments.** Although standard practice should be to adjust benefit levels downward as income increases, many states perform income checks only semiannually or annually, or even less frequently. This means that households can experience large income increases between redetermination periods, even though their income gradually increased over time, resulting in large benefit reductions at the redetermination time. In addition, some states have defaulted to participant self-attestation of income changes, particularly with zero-income households, to prioritize delivery of benefits.

- **Deductions.** Federal guidelines set SNAP gross income limits at 130 percent of the FPL and net income limits at 100 percent of the FPL. However, SNAP benefit levels are determined after several deductions from the applicant's income, including housing and childcare. When a household receives a high number of deductions, the phaseout rate can vary across the income distribution and result in a significant benefit cliff as the household's income approaches the net and gross income limits.

We propose the following solutions.

Better align benefit phaseout design. Repealing the Thrifty Food Plan, ending BBCE, and limiting deductions should return the benefit phaseout to a reasonable rate and eliminate benefit cliffs. However, if households still experience benefit cliffs following these reforms, it might be necessary to start the tapering point at an even lower income level.

One way to achieve this is to eliminate deductions entirely and create a smooth benefit reduction at a constant 30 percent for all households. Provided deductions were eliminated, lawmakers could also eliminate the net income test. Regardless of how the benefit determination is adjusted, the exit point should occur when the benefit is close to zero and when gross income is at or above 130 percent of the FPL.

Require that states verify SNAP recipients' income more regularly, at least every six months. More frequent income verification may require improved data accessibility so as not to overburden participants—whether it be through data sharing with the IRS, the state Department of Revenue, agencies administering different programs, or private payroll processing companies. This would allow income to be checked and benefits updated regularly. Privacy issues currently prevent some data sharing across government agencies and with third parties, requiring new and innovative thinking to both protect individual privacy and use technology to operate programs more efficiently.

Require self-reporting of income changes. Currently, states have different requirements concerning when income and household changes must be reported to the state agency so that benefits can be adjusted. Standardizing and enforcing these rules would help ensure only those households that are eligible receive SNAP benefits. Alternatively, if states assume more funding responsibility for SNAP, they should also maintain flexibility to establish and enforce rules concerning when income and other changes must be reported.

Emergency Measures

In certain situations, Congress might implement emergency measures to temporarily pause normal operating procedures or temporarily increase SNAP benefits to address a crisis. These emergency measures might occur as part of a stimulus package—for instance, the benefit increases during the 2009–10 Great Recession and the pandemic in March and December 2020. Such emergency measures could also be because an emergency has disrupted administration of the program, such as office closures due to COVID-19.

As a result of the COVID-19 pandemic, Congress linked a number of pandemic-related relief efforts to a declaration of a public health emergency. As long as the US Department of Health and Human Services (HHS) continued declaring a public health emergency, there was the legal authority to maintain certain relief efforts tied to the public health and medical response.[29] Several pandemic-relief measures that affected SNAP were tied to this public health emergency declaration.[30]

These COVID-19 emergency measures changed the SNAP benefit levels. The Families First Coronavirus Response Act (FFCRA) allowed all households to receive the maximum allowable SNAP benefit for their household size (called "Emergency Allotments") until the end of the HHS-declared public health emergency and state-declared public health emergency. Although emergency allotments recognized that the COVID-19 pandemic caused many recipients to lose work and reduce their incomes, these elevated benefits remained in place for many months following the initial crisis and operational disruption of the COVID-19 pandemic.

Before the pandemic, the average SNAP benefit for a five-person household was approximately $528 a month. After the implementation of emergency allotments, the average benefit increased to $768 a month.[31] This increased monthly federal food stamp expenditures by $2 billion a month, a 40 percent increase.[32] The conditions that prompted the emergency allotment policy—administrative challenges reporting income changes—quickly subsided, but the emergency allotment policy continued until May 2023.

Many SNAP families also receive assistance from other nutrition programs, such as the National School Lunch Program and the School Breakfast Program. In addition, Congress created the Pandemic Electronic Benefit Transfer program to provide electronic benefits to students who missed school lunch due to school closures.[33]

Through its regulatory authority, FNS also gave states flexibilities to relax certain program-integrity measures during the pandemic in recognition that the pandemic disrupted normal operations.[34] Additionally, the FFCRA gave FNS further flexibilities to handle pandemic-related disruptions, such as suspending in-person application and verification interviews and waiving certain program-integrity safeguards.[35]

We propose the following solutions.

For any future emergency measure, tie the emergency flexibilities to a set date within six months. Executive action provides presidents and their administrations broad latitude to enact policies, especially during federally declared emergencies. However, Congress should be required to review and continuously reevaluate these emergency measures rather than relying exclusively on executive authority. Whether an emergency measure intends to address administrative disruptions or transfer emergency economic resources to families, Congress should have to authorize such a measure after a certain period.

Fully implement the 2019 state working group recommendations on disaster assistance. In 2017 and 2018, FNS convened a working group composed of states with experience with the Disaster Supplemental Nutrition Assistance Program (D-SNAP) to identify best practices and recommendations. The working group issued a memorandum to FNS regional directors in 2019 outlining its recommendations for D-SNAP.[36] To date, FNS has not implemented any of the recommendations, nor has it updated its 2014 disaster guidance.

3

Employment and Poverty Reduction

A stated purpose of the Supplemental Nutrition Assistance Program (SNAP) is "to assist low-income adults in obtaining employment and increasing their earnings."[37] An extensive body of research shows that stable employment is among the most important factors in attaining self-sufficiency and securing long-term financial health.[38]

Despite its stated purpose, SNAP does a relatively poor job of promoting work among recipients. Less than half of able-bodied, working-age SNAP recipients work, and many recipients receive benefits for years.[39] Although the program does have a work requirement, the US Department of Agriculture waives it in many states. Moreover, when the work requirement is enforced, it applies to only a small portion of adults who receive benefits—able-bodied adults without dependents (ABAWDs).

Another issue involves work disincentives stemming from benefit cliffs. Though SNAP benefits phase out as household income increases, benefits can phase out quickly or abruptly, which can disincentivize participants from increasing work hours and wages. Additionally, SNAP households can claim a variety of income deductions, which keep benefit levels high even as income increases. At the extreme, this can create large benefit cliffs—which involve an abrupt loss of benefits beyond a certain income threshold.

When combined, these factors can significantly reduce SNAP recipients' incentive to seek and increase work, which undermines one of the program's most fundamental goals—promoting upward economic mobility. We recommend a series of reforms that could reduce work disincentives in SNAP:

- Restrict the criteria by which states can waive work requirements, and prevent states from arbitrarily combining substate areas for waivers.

- Expand work requirements among ABAWDs to include those up to age 59 and those whose youngest child is school-age.

- Minimize benefit cliffs by revising eligibility criteria and income deductions to ensure that the entrance point, phase-out rate, and exit point align and that benefits slowly and continuously phase out.

Excessive Waivers of the Work Requirement

SNAP includes a work requirement for all ABAWDs—adult recipients who are between the ages of 18 and 54, do not have a disability, and do not have dependent children in their households. ABAWDs who do not work at least 20 hours per week are eligible to receive SNAP benefits for only three months in any three-year period. However, states can waive this work requirement if their state (or any area in their state) has an unemployment rate greater than 10 percent or the state can show that it lacks sufficient jobs.

One way that states can demonstrate a lack of sufficient jobs is by showing that a given area has a two-year average unemployment rate greater than 20 percent of the national average unemployment rate over the same period (also known as the 20 percent rule). Moreover, under current law, states are permitted to arbitrarily combine large groups of contiguous areas (typically counties, cities, and towns), which allows them to maximize the number of recipients covered by a waiver. For example, in 2018, California waived the work requirement in 55 of its 58 counties by combining them into a single geographic area. This geographic area had an unemployment rate of 5.9 percent, which was 20 percent greater than the two-year national average unemployment rate of 4.9 percent, even though many individual counties had much lower unemployment rates.[40]

States have little incentive to encourage employment among able-bodied SNAP recipients because SNAP is fully funded by the federal government. Therefore, states often waive the work requirement as broadly as possible to increase the amount of federal assistance flowing into their state. As we suggest throughout this report, states should adopt a greater share of the cost of SNAP so that they are better incentivized to improve outcomes and reduce costs.

We propose the following solutions.

Restrict the criteria by which states can waive the federal work requirement. The "lack of sufficient jobs" criterion is subjective and lacks a clear definition, allowing states to exploit this criterion to gain ABAWD waivers even when unemployment rates are relatively low. Research shows that states have historically implemented waivers without respect to changes in the unemployment rate, and they fail to effectively target the highest-unemployment areas.[41]

Policymakers should prevent states from waiving the work requirement in low-unemployment areas by imposing an unemployment rate floor of 7 percent to qualify for a waiver. States could still qualify for an ABAWD waiver if their unemployment rate is greater than 20 percent of the national average, but only if their unemployment rate is also greater than 7 percent—effectively preventing low-unemployment-rate areas from receiving waivers.

In addition to the 20 percent rule, according to administrative rules, states can also waive the work requirement under the lack of sufficient jobs criterion for several other reasons. An area can be waived if it:

- Is determined to be a Labor Surplus Area,
- Qualifies for extended unemployment benefits,

- Has a low and declining employment-to-population ratio,
- Has a lack of jobs in declining occupations, or
- Is described in an academic study or other publication as lacking jobs.

Although these criteria are used much less frequently than the 20 percent rule, many of them are either redundant or highly subjective. Policymakers should simplify the criteria by allowing waivers in areas with (1) unemployment rates greater than 10 percent or (2) unemployment rates greater than 20 percent of the national average, as long as they are greater than 7 percent.

Prevent states from combining contiguous areas to maximize their federal waiver coverage. States can waive large groups of contiguous areas under a single waiver criterion. This rule was designed to allow states to waive economically depressed areas that are not clearly demarcated by municipal or county boundaries, but many states have exploited it to maximize the number of waived individuals in their state by grouping low-unemployment areas with high-unemployment areas. Policymakers could prevent states from doing this by requiring that states apply for waivers at the county level only.

County-level unemployment data are easily accessible at the Bureau of Labor Statistics, and most states already apply for waivers at the county level. If all counties were required to meet an eligibility criterion on their own, only high-unemployment areas would be eligible for a waiver.

Limited Work Requirement

Currently, SNAP's work requirement applies only to ABAWDs. However, ABAWDs account for a small portion of the SNAP caseload. In 2019, ABAWDs (then between the ages of 18 and 49) constituted only about 12 percent of SNAP household heads.[42] The remaining 88 percent of adult SNAP recipients are subject to only the program's general work requirement, which simply requires that recipients age 18–59 accept a job if they are offered one, do not voluntarily quit a job or reduce their work hours, and participate in a training program if one is offered by their state. However, the general work requirement has several exceptions and provides little incentive for recipients to find work. It has evolved into a bureaucratic exercise with questionable enforcement and little practical implication.

ABAWD work requirements are relatively stronger: ABAWDs must work for at least 20 hours per week, and documented verification of work activity is required. If ABAWDs do not meet these criteria, they are limited to three months of benefit receipt in any three-year period.

We propose the following solution.

Expand the definition of ABAWD to include those up to age 59 and those whose youngest child is school-age, and eliminate exemptions for homeless people, veterans, and young adults who have aged out of the foster care system. Most individuals up to age 60 and in good health work or are expected to work. However, for the purposes of SNAP, we define able-bodied only through age 54. Already, as part of the Fiscal Responsibility Act of 2023, policymakers expanded the maximum age of ABAWDs from 49 to 54, but Congress also created exemptions to the work requirement for homeless people, veterans, and young adults (age 24 or younger) who were in foster care when they were 18 years old.[43] Individuals in those groups can benefit from employment as much as any other work-capable adults, and policymakers should further expand the work requirement by including those up to age 59 and repealing these exemptions.

Moreover, policymakers should include parents of school-age children in the ABAWD work requirement during school months, given that they do not have caretaking responsibilities during school hours. Currently, states can exempt SNAP recipients from the time limit if they have at least one dependent child age 17 or below. This exception was created because parents who have significant caregiving responsibilities should not reasonably be expected to work. However, according to an analyses of 2019 SNAP Quality Control data, 46 percent of able-bodied parents have *only* school-age children in their house, and it is reasonable to expect at least part-time work for them.[44] These parents' caregiving responsibilities likely would not prevent them from working 20 hours per week. Policymakers should consider expanding the time limit to include those who are parents of only school-age children. The summer months, however, should not count toward their time limit, if they cannot access childcare.

Benefit Cliffs and Benefit Reduction Rates

SNAP benefits are calculated such that households are expected to contribute 30 percent of their net income after certain deductions to their food budgets. Therefore, households with no income receive the maximum benefit (for their household size), and benefits phase out at a rate of approximately 30 cents for each additional dollar earned. However, SNAP households can claim a variety of income deductions, including a standard deduction, an earnings deduction, a dependent care deduction, a child support deduction, and an excess shelter deduction.[45] By applying these deductions, SNAP households can claim they have no *net* income, which ensures that they receive the maximum benefit, even though their *gross* household income exceeds zero.[46]

Importantly, SNAP households without an elderly or disabled member are subject to a gross income limit, meaning they are automatically deemed ineligible for benefits if their income exceeds 130 percent of the federal poverty line. Together, the combination of income deductions and a gross income limit means that SNAP benefits for some households do not phase out to zero dollars as they approach the income limit, leaving many households to face an abrupt drop in benefits—the "benefit cliff"—when income surpasses 130 percent of the poverty line.[47] That is, households facing benefit cliffs are made materially worse off by earning additional income or face high effective marginal tax rates (i.e., they lose a substantial amount of increased earnings to the reduction in benefits), which creates a significant disincentive to increase earnings.

Moreover, in practice, benefits phase out at different rates depending on the household circumstances and sometimes at rates higher than 30 cents for each additional dollar earned.[48] This can result in low-income household members refusing to accept a higher-paying job or a promotion, which works contrary to the program's goals.[49] By phasing out benefits at a consistent, predictable, and relatively slow rate, participants may be more likely to work and accurately report their income.

We propose the following solution.

Eliminate benefit cliffs by ensuring that benefits taper to nearly zero as income approaches the eligibility limit. Policymakers can take several different measures to eliminate benefit cliffs. But to eliminate benefit cliffs without expanding eligibility or raising benefits—both of which would make more households eligible for SNAP and inflate the program's cost—policymakers must reduce (or eliminate) certain income deductions or adjust the benefit reduction rate. Reducing or eliminating most income deductions would ensure that households with positive earnings do not receive the full SNAP benefit for their household size. This means that SNAP would work as intended, phasing out beginning with the first dollar earned until the benefit reaches near zero at the gross income (130 percent of the federal poverty line). If this were the case, and assuming income changes were reported timely, then no household would face a significant financial penalty for taking a higher-paying job or accepting a promotion—allowing households to use SNAP as they lift themselves out of poverty.

4

Nutrition Improvement

A primary objective of the Supplemental Nutrition Assistance Program (SNAP) is to improve nutrition among low-income households by providing eligible individuals and families with funds to purchase food. Therefore, SNAP's nutrition goals are twofold: first, to reduce hunger and malnutrition, and second, to provide resources for a nutritious, healthy diet.

The US has made great strides in reducing hunger due to economic growth and the increasing generosity of SNAP. Data from the US Department of Agriculture (USDA) on very low food security—a condition reflecting reduced food intake due to a lack of resources—show that less than 1 percent of children experience very low food security, while approximately 5 percent of adults do at some point in the year.[50] However, SNAP performs less well in achieving its nutrition goals.

SNAP recipients suffer from relatively high rates of obesity and diet-related disease, with data showing that SNAP sometimes increases the prevalence of diets that make these adverse health outcomes worse.[51] SNAP households are more likely than non-SNAP households to purchase unhealthy foods, such as sweetened beverages, frozen prepared meals, and prepared desserts.[52] And given that many SNAP recipients are disabled or otherwise limited by health concerns, poor diet and nutrition further exacerbate these issues.

In response to the health challenges recipients face, policymakers should consider specific reforms that would improve SNAP's effectiveness as a nutrition assistance program. Although policymakers often disagree on the ways to best achieve SNAP's nutritional objectives, a comprehensive strategy should include reforms aimed at enhancing nutrition education, promoting healthy eating habits, and increasing access to fresh and nutritious foods. We recommend the following SNAP nutrition reforms:

- Make improving diet quality and health outcomes a core SNAP objective, and require the USDA to report on progress.
- Establish nutrition standards for SNAP and develop data to measure progress toward meeting those standards.
- Evaluate the effectiveness of fruit and vegetable incentives and benefit restrictions.
- Encourage SNAP retailers to focus their marketing efforts and stocking standards on nutrition.
- Require the USDA to submit a semiannual report to Congress on SNAP participants' diet quality and health outcomes.

Ineffective Nutrition Education

Congress provides almost $500 million per year for SNAP-Education (SNAP-Ed), along with almost $500 million in nutrition education through SNAP's Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) and nutrition grants.[53] SNAP-Ed primarily funds direct education, such as classes on nutrition and how to prepare nutritious meals, taught in schools or at grocery stores. Another portion of SNAP-Ed funding supports policies, practices, and systems to encourage nutrition education, physical activity, and obesity prevention.

SNAP-Ed is one small piece of a broader effort by the USDA (and the federal government) to provide nutrition education. However, nutrition education efforts are disjointed and not coordinated, limiting their potential effectiveness.[54] Prior evaluations have found SNAP-Ed programs to be largely ineffective at changing consumption patterns among participants.[55]

We propose the following solution.

Restructure federal nutrition education programs. The Healthy, Hunger-Free Kids Act of 2010 and the 2018 Farm Bill authorized a complete overhaul of SNAP-Ed, aimed at nutrition education and obesity prevention using evidence-based approaches. Since then, the obesity problem has only worsened.[56]

In a 2019 report, the Government Accountability Office found that the USDA was not coordinating nutrition education programs well and lacked data on outcomes associated with participation in SNAP-Ed.[57] Since the 2019 report, the USDA has established a nutrition-promotion working group to coordinate efforts and leverage internal nutrition expertise. However, the USDA still fails to produce evidence on SNAP-Ed's effectiveness.

Congress should require the USDA to assess its overall approach to nutrition education, including identifying duplication and redundancy across programs, target populations, and federal agencies. Congress should also require that the USDA produce evidence that SNAP-Ed effectively improves nutrition and only fund SNAP-ED programs producing measurable positive outcomes. Another congressional consideration should be consolidating nutrition education programs within the USDA and operating them through the Community Extension Service and land-grant universities. Alternatively, nutrition education could be pulled out of the USDA altogether and consolidated under the Centers for Disease Control and Prevention or the Centers for Medicare & Medicaid Services.

Lack of Nutritional Standards

The average American diet fails to align with the Dietary Guidelines for Americans, but research shows that SNAP participants have even worse diet quality than non-SNAP participants.[58] Although SNAP is not necessarily causing poor diet and nutritional quality among recipients, SNAP dollars are indisputably going toward unhealthy foods—which worsen long-term health outcomes and lessen chances for economic mobility.

Imposing standards on what households can purchase with SNAP benefits is controversial. Some people have concerns that restricting what people can buy with their SNAP benefits involves too much government overreach.[59] There is also concern that placing restrictions on SNAP would stigmatize benefit recipients. Additionally, some believe restrictions would harm businesses—in other words, they believe that SNAP is an economic stimulant and can support businesses in their food and beverage sales.

Conversely, some people support nutritional standards in SNAP as a way to ensure federal dollars earmarked to improve nutrition are effectively spent. Further, people concerned over the public health impact of SNAP believe that Americans' diet habits have reached crisis level, demanding government action.

The bottom line is that SNAP participants suffer disproportionately from poor health and SNAP has failed to improve their situation. In the end, policymakers must decide what they view as the best approach and prioritize their concerns.

We propose the following solutions.

Make improving diet quality and health a dedicated objective of the program, and require the USDA to report on progress. The Food and Nutrition Act of 2008 states that the purpose of SNAP is "to safeguard the health and well-being of the Nation's population by raising levels of nutrition among low-income households" to promote the general welfare.[60] The 2023 Fiscal Responsibility Act added as a purpose

> to assist low-income adults in obtaining employment and increasing their earnings. Such employment and earnings, along with program benefits, will permit low-income households to obtain a more nutritious diet through normal channels of trade by increasing food purchasing power for all eligible households who apply for participation.[61]

Although promoting health and well-being is already a stated purpose of SNAP, adding a reference to improved diet quality and health would refocus the program's administration to emphasize the purchase and consumption of healthy foods. Specifically, we recommend amending § 2.7 U.S.C. 2011 of the Food and Nutrition Act of 2008 to read:

> To alleviate such hunger and malnutrition, a supplemental nutrition assistance program is herein authorized which will permit low-income households to obtain a more nutritious diet through normal channels of trade by increasing food purchasing power for all eligible households who apply for participation. That program includes as a purpose to assist low-income adults in obtaining employment and increasing their earnings, *as well as to support a high-quality diet among participants aimed at improving health*. Such employment and earnings, along with program benefits, will permit low-income households to obtain a more nutritious diet through normal channels of trade by increasing food purchasing power for all eligible households who apply for participation.

Review nutrition standards for SNAP and develop data to measure progress toward meeting those standards. By operating as a food benefit only, SNAP's current in-kind structure supports unhealthy eating. Research shows that SNAP benefits are not completely fungible, meaning that recipients spend SNAP dollars differently than cash.[62] One study found that the in-kind nature of the benefit and the benefit cycle led to less healthy purchases.[63] Policymakers should consider how consolidating safety-net programs and moving away from an in-kind food benefit (as we recommend in the "Program Administration" section) could lead to better diet quality.

In the absence of replacing the in-kind benefit provided through SNAP with a consolidated cash benefit, another option to improve diet quality and address the poor health of SNAP participants is to implement nutrition standards into the program, similar to those in WIC and the National School Lunch Program.

As a starting place, we recommend an expert review of potential nutrition standards in SNAP, which should include an assessment of excluding sugary beverages from SNAP-allowable items. Already, the USDA conducts a review of nutrition in developing the Thrifty Food Plan. The nutrition standards used to develop the Thrifty Food Plan offer a strong starting place. This process would inform states of the potential for restrictions on food and beverage consumption and how it might relate to SNAP participation and health outcomes.

We also recommend that the USDA collect data on foods purchased and consumed using SNAP benefits to assess progress toward meeting nutritional goals. We recognize the pitfalls of considering restrictions to SNAP. Nonetheless, assessing the nutritional profile of SNAP participant diets' and evaluating whether SNAP restrictions can effectively improve diet quality and health is an important step toward addressing the health crisis among Americans.

Evaluate the effectiveness of fruit and vegetable incentives and benefit restrictions. Based on the nutrition standards developed by an expert panel, we recommend testing restrictions, along with incentives. The USDA operates the Gus Schumacher Nutrition Incentive Program, which provides grants to states and localities to offer fruit and vegetable incentives. Evidence suggests that fruit and vegetable incentives can increase consumption of those products, though they do not reduce consumption of unhealthy products.[64] Therefore, pairing restrictions with fruit and vegetable incentives could improve diet quality more than incentives alone.[65]

We recommend engaging a few states to operate a demonstration project that evaluates the effectiveness of several nutritional standard options, including SNAP restrictions, restrictions plus incentives, and a control condition. Outcomes of interest should include purchasing and consumption patterns, health outcomes (for example, changes in the Healthy Eating Index, body mass index, and diet-related disease), costs, and implementation challenges.

Encourage SNAP retailers to focus their marketing efforts and stocking standards on nutrition. The USDA authorizes retailers to accept SNAP benefits. With over $100 billion per year in SNAP benefits provided to households, SNAP increases consumers' purchasing power at these retailers. The USDA could leverage this relationship to incentivize SNAP retailers to market healthy foods to consumers, in efforts to combat deceptive marketing about other foods and study the effects of these regulations.[66] This could involve requiring a healthy-eating marketing plan as part of the SNAP retailer application process and reports from retailers addressing their efforts. This could also include stocking standards focused on increasing healthy food purchases. Encouraging healthy-eating marketing strategies among SNAP retailers could have system-wide effects, influencing all consumers, not only SNAP recipients.

Accountability for Improving Diet Quality and Health Outcomes

The federal government has limited access to information about diet quality and health outcomes for SNAP participants. Retailers have been reluctant to share purchase data due to concerns over privacy and business practices. This means the federal government does not have regular access to data on the types and quantities of items purchased with SNAP dollars. This substantially limits understanding of SNAP's effectiveness.

We propose the following solution.

Require the USDA to submit a semiannual report to Congress on SNAP participants' diet quality and health outcomes. Congress should require the USDA to collect and report data on diet quality and health outcomes for SNAP participants in a way that assesses the types and quantities of foods purchased and consumed using SNAP dollars and changes in health outcomes for SNAP participants. This would require the USDA to collect and report de-identified SNAP purchase data from retailers. Given that the USDA authorizes retailers to accept SNAP benefits, it can require de-identified data as part of the authorization process. Retailers not willing to share data can choose not to participate in SNAP.

5

Program Integrity

Policymakers must ensure that the Supplemental Nutrition Assistance Program (SNAP) effectively serves its purpose of helping those in need. However, the program's integrity faces threats from both intentional fraud and administrative errors, undermining SNAP's ability to achieve its goals.

The monetary costs of fraud and errors are sizable. According to US Department of Agriculture (USDA) estimates, payment errors cost SNAP $10 billion per year.[67] Moreover, a 2015 study estimates that trafficking—when individuals and retailers misuse benefits—costs the program at least another $1.3 billion annually, which has likely grown over the past decade.[68] Those are probably low estimates due to challenges discovering errors and investigating trafficking and the standard of evidence used to relay the burden of proof.[69] Ultimately, total SNAP fraud costs are unknowable because much of it goes undetected, although state fraud-detection efforts recover approximately $96 million per year.[70]

As SNAP expenditures keep increasing—topping $110 billion in fiscal year 2023—the amount wasted through errors and fraud will keep growing. This report offers several policy options to put SNAP program integrity back on track.

SNAP has four crucial program-integrity issues: (1) payment errors due to mistakes from recipients or eligibility workers, (2) recipient fraud (eligibility and identity fraud), (3) retailer eligibility fraud, and (4) benefit trafficking.[71] Addressing these problems would save taxpayers money and ensure SNAP targets its intended recipients: low-income households in need of assistance.

Broadly, we recommend providing states with heightened incentives for proactively preventing SNAP errors and fraud while increasing states' financial incentives to investigate suspected instances of fraud and trafficking and recoup fraudulent payments. Specifically, we recommend the following SNAP program-integrity reforms:

- Incentivize states to detect and prevent errors and fraud by increasing states' required contributions to SNAP benefit and administrative costs.

- Prevent errors and fraud by strengthening eligibility-verification efforts—allowing collateral data source matches to qualify as verified upon receipt and eliminating (or reducing) self-attestation as a verification method.

- Allow states to retain the state share of fraudulent benefits recouped (50 percent) and an additional 15 percent (65 percent in total) to invest in fraud-detection activities.

- Tighten criteria for authorizing retailers, including better vetting techniques during the application process.

- Require retailers to share de-identified transaction data on items purchased through SNAP.

Payment Errors

Payment errors occur when recipients or administrators make unintentional mistakes when determining SNAP eligibility or benefit amounts that result in overpayments or underpayments, with the vast majority of errors constituting overpayments. Minimizing payment errors requires enhanced information-verification methods, adequately trained personnel, timely benefit adjustments, and easily understandable instructions for applicants.

We propose the following solution.

Increase the state share of benefit costs to incentivize states to prevent errors and fraud from happening in the first place. The federal government, not the states, covers 100 percent of benefit costs. Therefore, states have little incentive to proactively prevent or detect payment errors. A financing structure in which states cover up to 50 percent of benefit costs would force them to minimize payment errors, as they would otherwise be responsible for half the associated losses. The federal government has modest incentives for states to detect fraud but few incentives to prevent fraud from occurring in the first place.

The quality-control process involves states sampling a set of SNAP cases and investigating them for errors. If the payment error rate is above a certain level for two consecutive years, the federal government can impose penalties.[72] Although this process detects a relatively high rate of payment errors (11 percent of all benefit payments, with 9 percent involving overpayments), it does little to prevent payment errors from occurring in the first place.[73] Additionally, the federal government allows states to retain a percentage of recouped funds resulting from fraud-investigation efforts. The share allocated to states has fluctuated over the years, and the effectiveness of this structure remains unclear.

A simpler approach would be a state-federal benefit cost-sharing model. This financing structure has multiple benefits, as we have discussed throughout this report, including increasing the financial risk for states when SNAP errors occur, which offers a stronger incentive to states to prevent errors and fraud from the beginning.

Recipient Fraud

Fraud occurs when applicants or recipients intentionally provide misleading information to make themselves program eligible or increase their benefit level inaccurately.[74] There are three types of recipient fraud.[75]

Eligibility fraud occurs when recipients provide false information—such as incorrect income, household composition, and expense information—to become eligible for SNAP or increase their benefit. For example, if an applicant fails to report a second job or name a working adult (and their income) residing in the household, then they are committing eligibility fraud.

States are largely unable to monitor or prevent recipient eligibility fraud because of federally mandated rules on how states can verify recipient-provided information.[76] The Food and Nutrition Service (FNS) allows SNAP agencies to use a data match to verify information, but for most data matches, FNS also requires that states allow applicants to self-verify the information.[77] In other words, matched data are not considered verified upon receipt and must be verified from another source. This process extends the time period to make appropriate benefit adjustments and increases overpayments because states are often forced to rely on participant self-attestation. This often means that a household committing intentional fraud can still mislead administrators even after matched data contradict its claim. Although the state is permitted to investigate these cases for fraud, fraud-investigation resources are limited, leading many states to take the recipients at their word.

SNAP benefits increase as the number of reported household members increases and decrease as household income rises. Therefore, fraudsters have an incentive to overreport the number of individuals living in their household or exclude those who have relatively high incomes.[78] SNAP household members must all live together and purchase and prepare meals together for eligibility workers to consider them one SNAP case. Currently, applicants self-certify this information. This makes it easy to exclude household members with income from a SNAP application or inappropriately include members, such as nonresident children.

Identity fraud occurs when an individual steals another person's identity to receive SNAP benefits or applies for duplicate benefits in different jurisdictions. For example, an applicant might use a stolen Social Security card to apply for SNAP benefits or claim a child resides with them when they do not. Identity fraud can also involve non-recipients gaining access to SNAP accounts and draining benefits. Electronic Benefits Transfer (EBT) skimming is one example, in which criminals attach devices to EBT point-of-sale terminals to steal PINs or other information. Another example involves criminals taking over SNAP accounts when they do not have secure identity solutions—account takeover.

Trafficking is the deliberate misuse of SNAP benefits. Trafficking involves a recipient exchanging SNAP benefits for cash or other ineligible items at a retailer or selling benefits for cash or other items. For example, a recipient engaging in trafficking might allow a retailer to charge $100 to their SNAP EBT and accept $50 in cash in return rather than purchasing SNAP items valued at $100 from the retailer. Alternatively, a recipient might sell their EBT card with a balance for cash and then report the EBT card stolen to receive additional benefits. All of these activities are illegal.

State agencies are responsible for investigating recipient trafficking, while the federal government monitors retailer trafficking. The USDA estimates that trafficking accounted for $1.27 billion in losses per year from 2015 to 2017, which is less than 2 percent of annual benefit costs.[79] However, monitoring and quantifying the costs associated with benefit trafficking is extremely difficult. Often, states and the federal government rely on tips and referrals of suspected trafficking before investigating—suggesting that the investigative reach is small. Additionally, the federal government investigates retailers based on collateral data sources—for example, mining data on EBT transactions. However, due to limited staff and budgets, the reach of these efforts is unclear.

We propose the following solutions.

Strengthen eligibility-verification efforts by allowing collateral data source matches to qualify as verification and eliminating (or reducing) self-attestation as a verification method. Applicants submit documents to verify income, identity, assets, expenses, and other information necessary to determine SNAP eligibility and calculate benefit levels. Striking the right balance between recipient burden for information and program integrity is tricky. However, safeguarding taxpayer dollars through fraud prevention is vital to program integrity.

States use various methods to verify submitted information, but applicants and recipients must still self-verify many secondary data matches. FNS should require states to use secondary data matches, such as wage matches, banking records showing liquid assets, payroll processors, credit checks, tax records, school records, and other program records (Temporary Assistance for Needy Families, Medicaid, etc.) as verification of income, assets, state residency, household composition, and expenses, without further self-attestation unless the individual can prove the data match incorrect using documentation. The default should be to rely on secondary data sources for verification, with self-attestation reserved for instances in which no verification response is found (trust but verify).

Further, FNS should allow states to authenticate identity using authentication tools. Currently, FNS requires states to allow applicants to opt out of identity authentication tools when submitting applications online.[80]

Finally, FNS should implement the National Accuracy Clearinghouse (NAC) nationwide. Initially operated as a five-state pilot, the NAC traced SNAP data across state lines, allowing state administrators to identify if an applicant was enrolled in the program in a different state. The 2018 Farm Bill directed FNS to expand the NAC to all US states and territories, but as of this publication, the FNS has not operationalized the program.

Require all household members to be part of a SNAP case. A somewhat smaller, but still important, issue is that even when household composition is verified, SNAP applicants can exclude household members from their SNAP case by claiming that they do not purchase and prepare meals together, unless the adults in the household are married or share a child. Therefore, eligibility workers must exclude the income of certain household members (e.g., cohabitating partners and unmarried individuals) deemed to not share meals.

Instead, the default assumption should be that all household members are part of the same SNAP caseload unless clear documentation is offered, such as separate utility bills or sublease or rental agreements.[81] The default assumption should be fact-checked by data from other programs. For example, the Low Income Home Energy Assistance Program and Section 8 rental assistance have a broader definition of "household" than SNAP does.[82]

Allow states to retain a share of fraudulent benefits recouped (50 percent) and an additional 15 percent (65 percent of total fraud detected) to invest in future fraud-detection activities. States have little incentive to detect and prevent fraud because the federal government pays 100 percent of SNAP benefits, while state agencies cover 50 percent of administrative costs.[83] The only incentive to detect ongoing fraud and recoup payments is that federal policy allows states to retain a portion of recoveries.[84] This incentivizes a type of "pay and chase," in which states authorize a questionable SNAP case and then try to prove fraud. States can retain only 35 percent of intentional program violations, and there is no requirement that they invest these retained funds into further fraud detection.[85]

Shifting SNAP's financial structure to a state-federal cost-sharing model would financially incentivize states to prevent fraud from the beginning. Under a cost-sharing model, states should also be allowed to retain 50 percent of any fraudulent benefits recouped (to cover their costs) and an additional 15 percent to invest in further fraud-detection efforts, for a total 65 percent of recouped benefits.

Tighten the SNAP retailer authorization process, and implement a probation period. Currently, anti-trafficking efforts involve investigation and enforcement after a violation has occurred. Congress should prioritize authorizing only retailers with demonstrated integrity. This would involve tightening the retailer authorization process and requiring a probation period.

The United Council on Welfare Fraud has proposed a number of ways to tighten the authorization process, including vetting retailer owners' Social Security numbers, removing deceased owners, vetting retailers through state licensing systems, conducting physical inspections, and conducting more effective background checks of owners and managers.[86]

FNS's trafficking study estimated that approximately 25 percent of small grocers and 14 percent of convenience stores engaged in trafficking, which translates into approximately 35,000 retailers.[87] With a more robust authorization process, FNS might not have authorized many of these retailers that later committed fraud.

Add disqualified retailers to sanction lists. The United Council on Welfare Fraud recommends adding disqualified retailers to the Electronic Disqualified Recipient System and the Treasury's Do Not Pay lists to deter fraudulent behavior. We support this recommendation.

Require data from retailers on items purchased. FNS uses retailer data to monitor EBT transactions and detect trafficking behaviors. Collecting data on items purchased through SNAP would allow federal investigators and state agencies to mine additional data to identify suspicious patterns, such as large bulk purchases. Retailers maintain data on specific EBT purchases and should be required to share de-identified data with FNS for analytic purposes. Suspicious patterns would warrant further investigations or warnings to the retailer.

Enforce stricter requirements on EBT cards. Solutions for identity fraud involve using chip-enabled EBT cards (or newer technology) and implementing identity-protection solutions at the point of SNAP application and ongoing benefit administration. SNAP agencies should implement efforts to reduce EBT card trafficking. Agencies should limit the number of times a card can be reported lost or stolen and invalidate cards immediately upon notification of being lost or stolen. State agencies should also be encouraged to monitor EBT usage following reports of cards being lost or stolen as part of fraud-detection efforts.

Retailer Fraud

Retailers must apply and meet certain criteria to become a SNAP retailer. The criteria involve the types of products they sell to ensure they are a legitimate grocer (i.e., stocking standards) and their agreement on certain business practices.[88] Retailer fraud occurs when a retailer misrepresents information to become authorized. It can also happen when a retailer avoids program disqualification by altering information, such as changing named ownership.[89] While retailers might commit this type of fraud to later engage in trafficking (addressed above), they also might engage in retailer fraud to enhance their business without agreeing to the program's requirements, such as stocking standards.

We propose the following solutions.

Improve retailer screening and oversight. The criteria FNS uses to screen potential authorized retailers must be strengthened to prevent fraudulent behavior at the retailer level from the beginning. The United Council on Welfare Fraud identified several integrity measures to improve retailer screening and oversight that would address trafficking, but these efforts would also prevent other inappropriate behaviors.[90] These include allowing FNS to vet Social Security numbers of business owners (i.e., the retailer applicants), request state input (such as business license information) in the application process, expand background checks, and conduct physical inspections.[91] FNS should also require a probation period for retailers to demonstrate continued compliance with stocking standards and implement a disqualification period for continued noncompliance.

Use transaction data on specific products to support retailer applications and ongoing authorization. FNS uses store-level transaction data to detect fraudulent activity, such as benefit trafficking, among authorized retailers.[92] FNS could also use retailer data to support applications from retailers in efforts to prevent bad actors from becoming authorized retailers from the start. For instance, SNAP retailers must meet certain criteria to ensure they offer a sufficient quantity of food and beverages for SNAP participants and legitimize their intent to serve as a grocer for SNAP participants. Congress should allow FNS to use retailer transaction data, including the types of products sold over a sufficient period of time, to support an application to become an authorized retailer. If data show that a store's primary sales are not in groceries, FNS would consider this in its assessment of the application.

About the Project

This report is the result of several meetings and consultations with numerous policy experts in the first half of 2024. Angela Rachidi and Leslie Ford then compiled the information gathered from these meetings into this report.

We would like to specifically acknowledge and thank the following individuals: Nic Dunn, Sutherland Institute; Vance Ginn, Ginn Economic Consulting; Andrew McClenahan, United Council on Welfare Fraud; Ray Packer, Georgia Center on Opportunity; Erik Randolph, Georgia Center on Opportunity; Dawn Royal, United Council on Welfare Fraud; and Matt Weidinger, American Enterprise Institute. Their insights and expertise, including their reviews and comments on various drafts, contributed significantly to the report.

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