Addressing Program Integrity in SNAP

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Presentation to
Secretaries Innovation Group

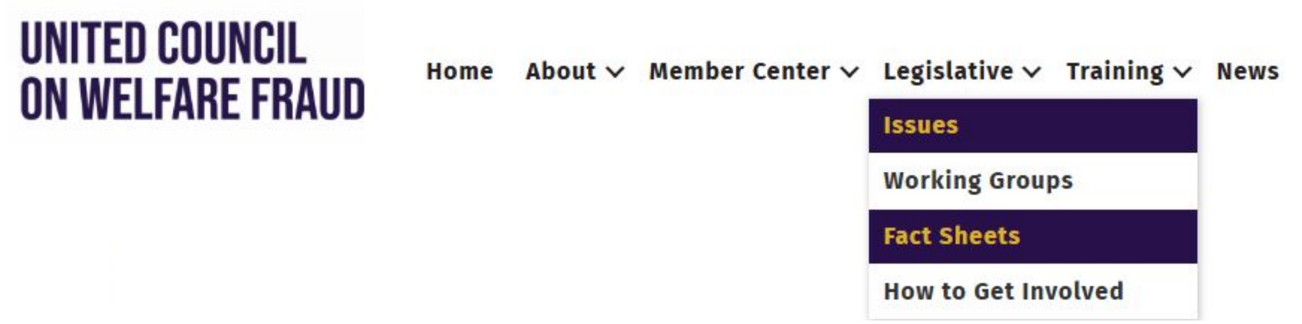
UNITED COUNCIL ON WELFARE FRAUD

Agenda Topics

- Introduce UCOWF
- Top 10 Lists
- Recipient Integrity
- Retailer Integrity
- Administrative Integrity
- One Big Beautiful Mess
- EBT Fraud (Skimming / ATO)
- Alabama
- DISCUSSION (& Lunch)

United Council on Welfare Fraud

- 501c3 National Professional Association
- 54th Conference: 8/26-8/28, 2025 in Tulsa OK
  www.UCOWF.net
- Certified Welfare Fraud Investigator
- Intergovernmental Committee
  - National Issues & Fact Sheets



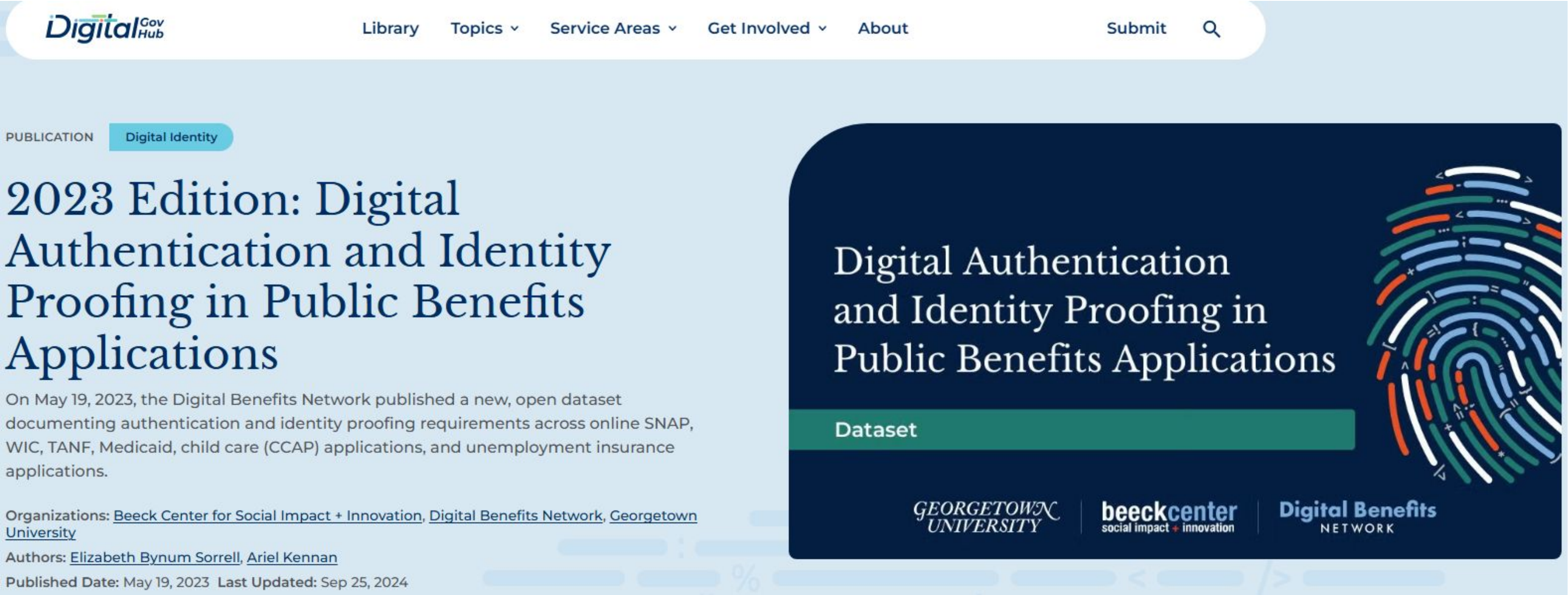
Top Ten Issues

- Recipient Integrity
- Retailer Integrity
- Administrative Stewardship

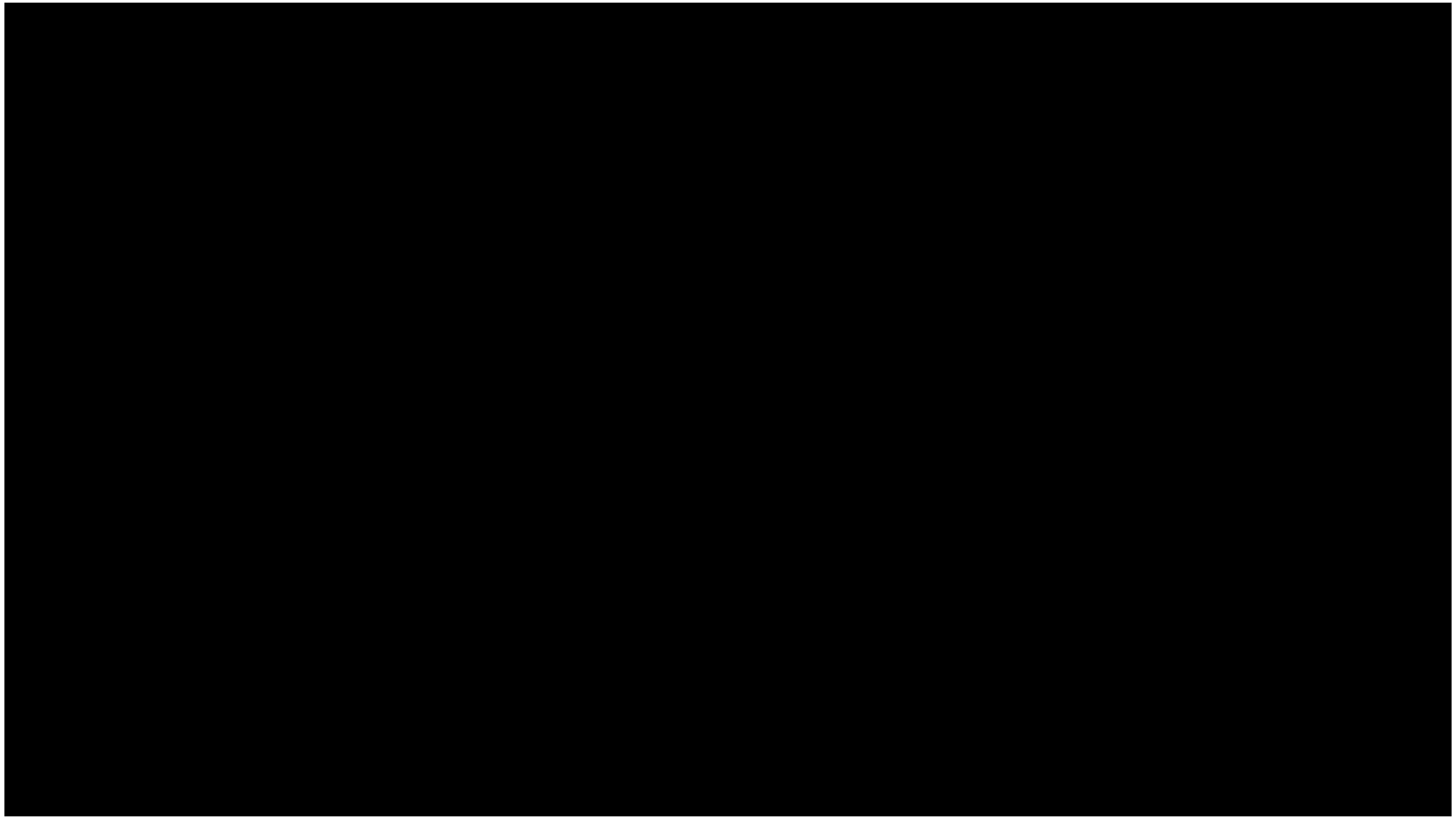
Recipient Integrity

1. IDENTITY VERIFICATION DEFICIENCIES

- Application, Call Centers, Online Portals/Accounts, Opt-Outs
- www.digitalgovernmenthub.org

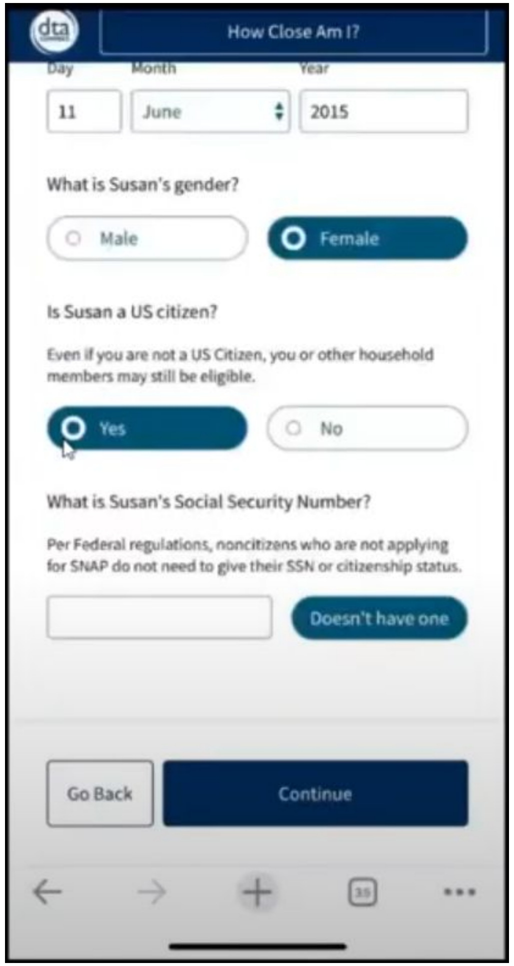


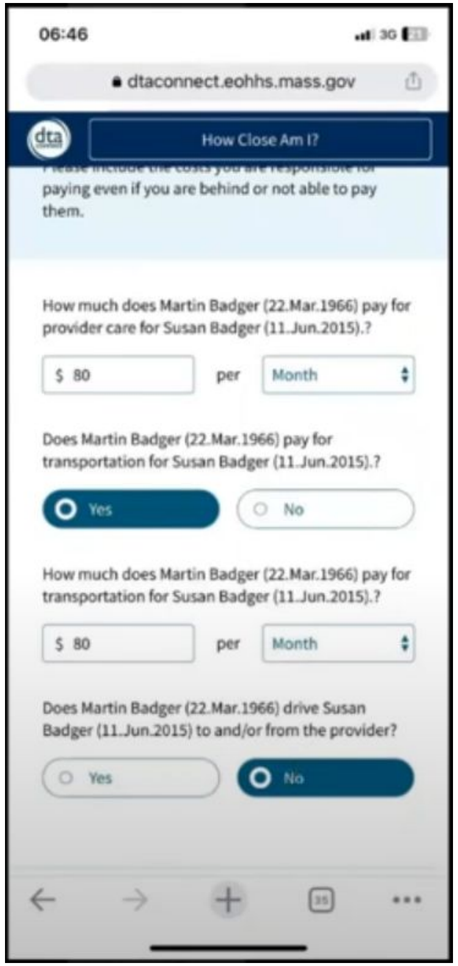
Identity Requirements



Recipient Integrity

- Identity Fraud and Bots
- Telegram "Secret Sauce"





Recipient Integrity

2. SELF-ATTESTATION (aka Self-Certification, “Honor System”)

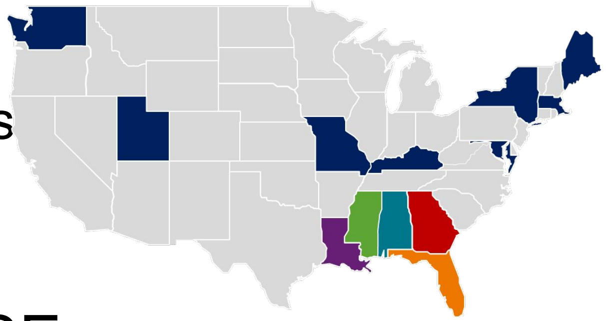
- Fuels eligibility fraud, identity fraud
- #1 contributor to Payment Error Rates (Household Errors)
- False Statements on income, assets, household comp, expenses, employment, citizenship

3. TRAFFICKING BURDEN OF PROOF

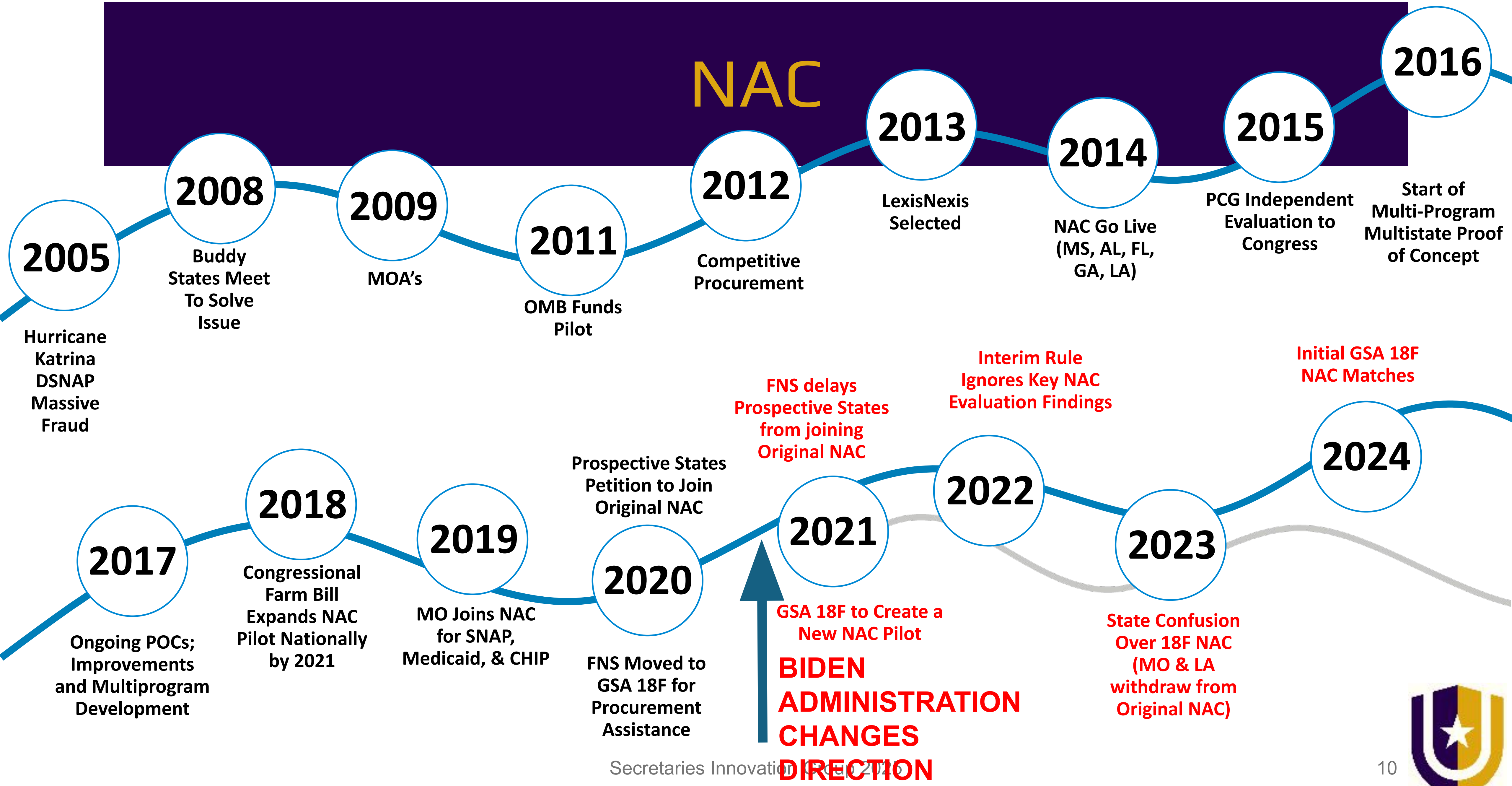
- 2019 FNS Guidance
- Clear and Convincing Preponderance Rulemaking
- Social media/Gifting still ongoing

Recipient Integrity

4. DUAL PARTICIPATION



- PARIS
  - 28-year-old technology, Quarterly, Post-Issuance, Hard Matches
  - Offline all 2024, 2025 matches show over 3.2m duplicates
  - Oregon Audit
- MISSISSIPPI NATIONAL ACCURACY CLEARINGHOUSE
  - Pre-Issuance, Real-Time, Resolves Identities, Multiple Programs, 2018 Farm Bill
  - $13.38B Cost Avoidance (2014-2024)
- GSA18F/BIDEN NAC
  - Models Old PARIS, Monthly, Post-Issuance, Hard Matches {LNameSSNDOB}


NAC
2005
Hurricane Katrina DSNAP Massive Fraud
2008
Buddy States Meet To Solve Issue
2009
MOA's
2011
OMB Funds Pilot
2012
Competitive Procurement
2013
LexisNexis Selected
2014
NAC Go Live (MS, AL, FL, GA, LA)
2015
PCG Independent Evaluation to Congress
2016
Start of Multi-Program Multistate Proof of Concept
2017
Ongoing POCs; Improvements and Multiprogram Development
2018
Congressional Farm Bill Expands NAC Pilot Nationally by 2021
2019
MO Joins NAC for SNAP, Medicaid, & CHIP
2020
Prospective States Petition to Join Original NAC
FNS Moved to GSA 18F for Procurement Assistance
2021
FNS delays Prospective States from joining Original NAC
GSA 18F to Create a New NAC Pilot
BIDEN ADMINISTRATION CHANGES DIRECTION
2022
Interim Rule Ignores Key NAC Evaluation Findings
2023
State Confusion Over 18F NAC (MO & LA withdraw from Original NAC)
2024
Initial GSA 18F NAC Matches

Recipient Integrity

5. STATE SHARE OF RECOVERIES

- 50% until 10/1/1990 for
- 25% 11/1990 through 9/30/1995
- 50% 10/1995 through 2000
- 35% 2001 to Current
- 50% DRAFT FARM BILL – Require Reinvest Into Program Integrity

6. REQUIRE COOPERATION IN ADMINISTRATIVE INVESTIGATIONS (like Quality Control)

- Only Program Gives Miranda Rights in Administrative Cases

Retailer Integrity

1. **FNS RETAILER AUTHORIZATION AND OVERSIGHT**
    - Sufficient Background Screening, Eliminate Self-Attestation, State Input
2. **REQUIRE RETAILER COOPERATION**
3. **TRANSMIT POS GEOLOCATION**
    - Unauthorized Retailers, Device Cloning
    - Contributes to EBT Skimming, Account TakeOver
4. **REQUIRE BANKING, 3rd PARTY PROCESSOR**
5. **SUSPENSION ON CREDIBLE ALLEGATION**

Administrative Stewardship

1. **BROAD-BASED CATEGORICAL ELIGIBIL**
   - No foundation in law (Chevron/Loper-Bright)
   - Expands recipient rolls
   - SSA SSI Eligibility: Impact on State
2. **OUT OF STATE USAGE**
   - Opt-Out versus Opt-In, Align with TANF 30days
3. **MODERNIZE APPLICATION REQUIREMENTS**
   - Name/Address/Signature, SSNs, DOB, Citizenship, etc
4. **DISASTER SNAP MODERNIZATION**
   - SSNs, Remote/Online, State Control
   - https://www.fns.usda.gov/snap/d-snap-state-workgroup-recommendations
5. **eDRS: VERIFIED UPON RECEIPT** (Computer Data Matching Act of 1984)

Luxury Motor Vehicles

Vehicle Make 2022-2024	Count
Lexus	2,673
Tesla	2,531
Mercedes-Benz	1,901
BMW	1,532
Cadillac	897
Infiniti	641
Audi	640
Genesis	516
Land Rover	273
Porsche	165
Alfa Romeo	155
Maserati	60
Jaguar	27
Lamborghini	11
Polestar	8
Ferrari	7
Bentley	6
McLaren	1

2022 Bentley GT Continental

2023 Porsche 911 Sport Classic

2024 Land Rover SV LWB P615

ONE BIG BEAUTIFUL … MESS?

ADMINISTRATIVE COST-SHARING (FY 2027)

- 50/50 to 75/25   House Sec. 10007, Senate Sec. 10106

STATES FUND SHARE OF BENEFITS (FY 2028)

HOUSE	SENATE
• **5% Minimum**	• **No Minimum, All Error Based**
• 6% to < 8%: 15%	• 6% to < 8%: 5%
• 8% to < 10%: 20%	• 8% to < 10%: 10%
• ≥10%: 25%	• ≥10%: 25%

QUALITY CONTROL ZERO TOLERANCE – An Error is an Error

NATIONAL ACCURACY CLEARINGHOUSE: House Sec. 10009

- Add Other Programs (FNS Withdrawal of NAC Rule)
- PARIS replacement

Best Practices

1. **Internal review of State Options and Use of Waivers** (BBCE/1634)
2. **Know Your Applicant – Review of Enrollment Population**
3. **Duplicate Participation Checks & Data Sharing**
4. **Use Self-Attestation only when data verifications fail** (Trust But Verify)
5. **Automate verification of all Eligibility factors**
6. **Income/Asset verifications** (Work Number, SteadyIQ, Accuity)
7. **SNAP Fraud Framework and Process & Technology Improvement**
8. **Geographic Restrictions on EBT usage**
9. **Secure Call Centers and Online Apps** (Identity, Logins, IVRs)
10. **Document Authentication** (photoshopped ID cards, etc)

Performance Delays & Errors

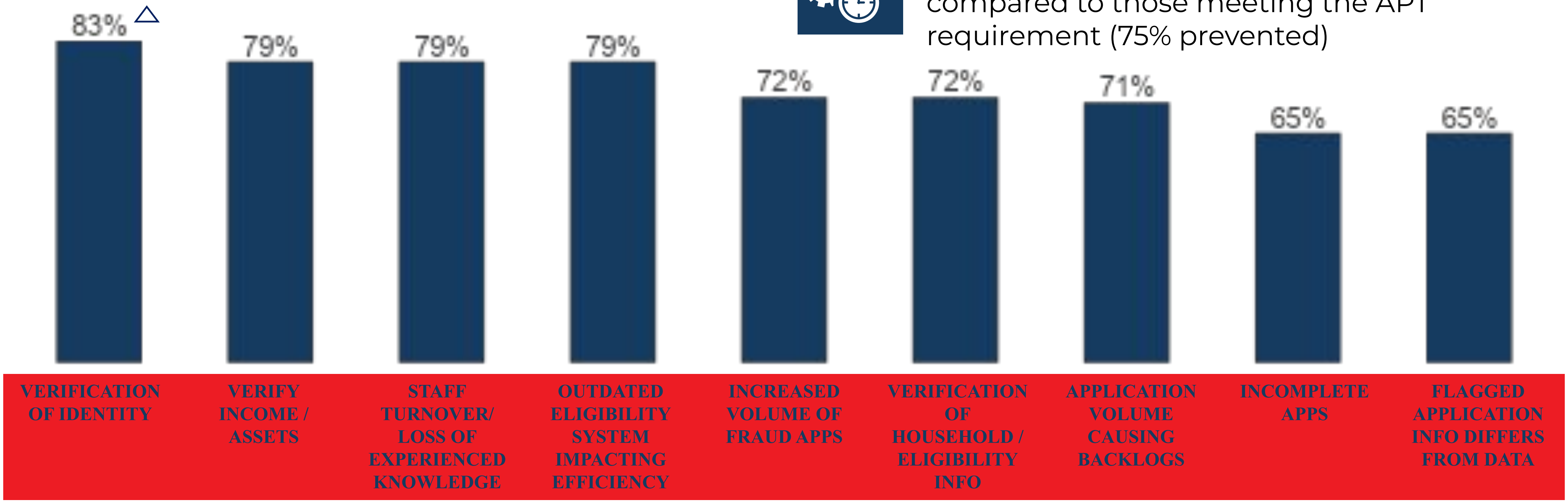
Application Processing Times

Effective fraud detection is further challenged as agencies face increased turnover and loss of institutional knowledge.

Verification of identity, asset, and income data needed for eligibility decisions are top contributors to APT delays, compounded by increased application volumes and outdated systems.

Reasons for SNAP Application Delays/Backlogs
(Those Meeting APT Threshold 75% or Less)

Participating agencies that miss the APT threshold are also less effective at preventing fraud at the frontend (63% prevented) compared to those meeting the APT requirement (75% prevented)



Q: To what degree do the following contribute to SNAP application delays/backlogs?

Performance Delays & Errors

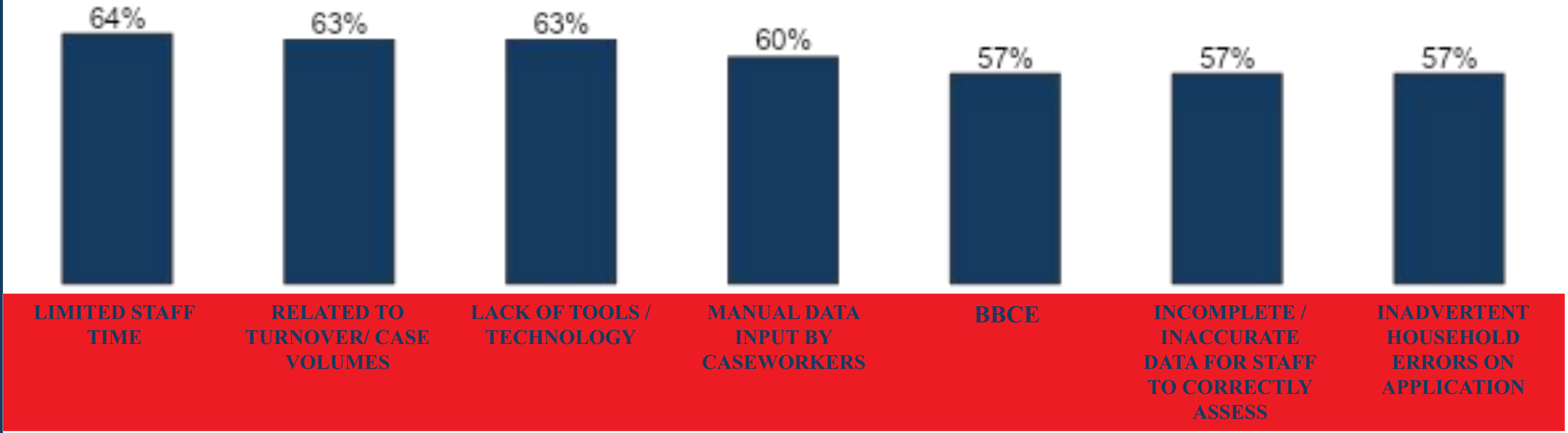
Payment Error Rates

Staffing resource issues and manual inputs/processes are key drivers for higher payment error rates.

Over half of participating agencies also point to broad-based categorical eligibility (BBCE), as well as data inadequacy that impacts case workers' ability to even recognize if/where there might be errors.

83% of agencies with higher payment error rates say that system-related issues are absorbing resources that could otherwise be used for client identify verification and fraud prevention.

Reasons for Higher Payment Error Rates
(Those At or Above the National Average)



Q: To what degree do the following contribute to your agency's SNAP payment errors?

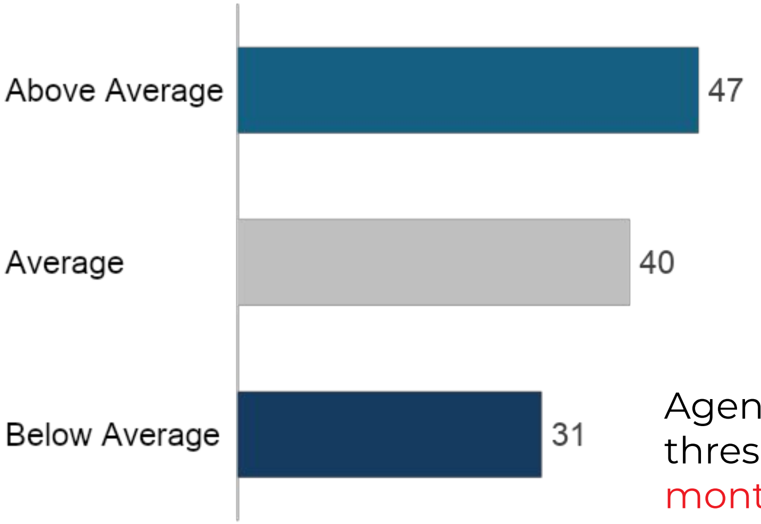
Performance Delays & Errors

Application Processing Times

The average percent of cases that go unworked due to lack of resources or tools is 40%. Those that meet the 95% application threshold are more likely to have fewer unworked cases.

Lack of resources, manpower and fraud/risk identification tools are top reasons for suspicious unworked cases.

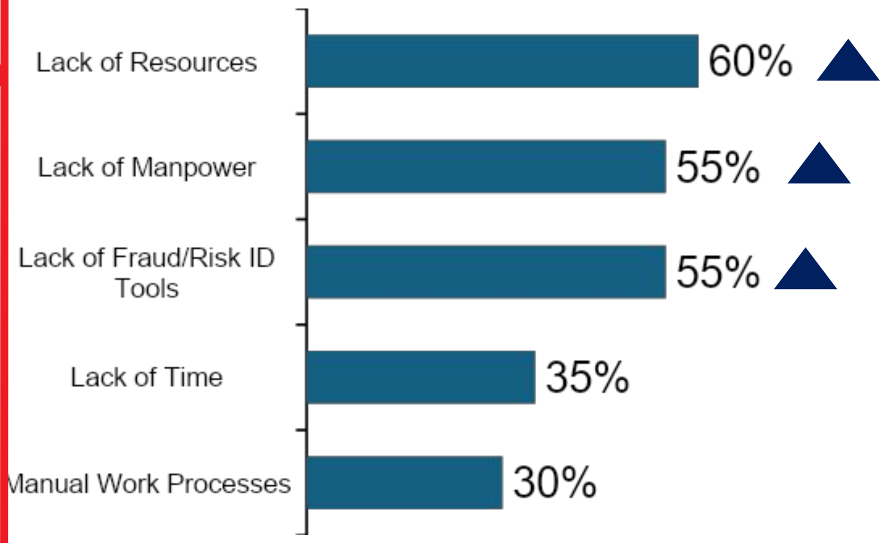
% Potential Fraud Cases That Go "Not Worked"



Agencies that meet the APT threshold for only 75% or less cases per month

Agencies that meet the APT threshold for 95% or more cases per month

Reasons for Fraudulent Cases "Not Worked"
(Those with Above Average Not Worked Cases)



Q: In a typical month, approximately what percent of fraudulent applications are unworked/not prosecuted at your agency? This includes fraud referrals received or flagged by data analytics that cannot be worked due to lack of resources or tools.
Q: What are the key drivers that cause these cases to not be worked?

EBT Fraud

- Andy has been embedded with Secret Service Operations as SME
- FNS Acting Dep. Undersecretary John Walk attended LA Op.
- More joint USSS/FNS SIU/State/EBT vendor Operations planned
    - Non-Citizens
    - Unauthorized Stores
    - Cloned POS devices
    - Skimming is only ONE way this happens

Not Just Skimmers

- Call Centers
- Customer Service Portals
- Online Identity Verification
- Bot Attacks
- Naughty Retailers

- Data Breaches/Dark Web
- Third-Party Processors
- Cloned POS Devices
- Card Tumbling

…and these

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