



Highlights of [GAO-10-956T](#), a report to the House Subcommittee on Department Operations, Oversight, Nutrition, and Forestry, Committee on Agriculture

## Why GAO Did This Study

The U.S. Department of Agriculture's (USDA) Supplemental Nutrition Assistance Program (SNAP) is intended to help low-income individuals and families obtain a better diet by supplementing their income with benefits to purchase food. USDA's Food and Nutrition Service (FNS) and the states jointly implement SNAP. Participation in the program has risen steadily over the last decade to an all time high of more than 33 million in fiscal year 2009, providing critical assistance to families in need.

This testimony discusses GAO's past work on three issues related to ensuring integrity of the program: (1) improper payments to SNAP participants, (2) trafficking of SNAP benefits, and (3) categorical eligibility for certain individuals or households.

This testimony is based on prior GAO reports on categorical eligibility (GAO-07-465), payment errors (GAO-05-245), and food stamp trafficking (GAO-07-53), developed through data analyses, case file reviews, site visits, interviews with officials, and a 50-state survey. GAO also updated data where available and collected information on recent USDA actions and policy changes.

## What GAO Recommends

FNS generally agreed with GAO's prior recommendations to address SNAP trafficking and categorical eligibility issues and has taken action in response to most of them.

View [GAO-10-956T](#) or [key components](#). For more information, contact Kay Brown at (202) 512-7215 or [brownk@gao.gov](mailto:brownk@gao.gov).

# SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM

## Payment Errors and Trafficking Have Declined, but Challenges Remain

### What GAO Found

The national payment error rate reported for SNAP, which combines states' overpayments and underpayments to program participants, has declined by 56 percent from 1999 to 2009, from 9.86 percent to a record low of 4.36 percent. This reduction is due, in part, to options made available to states that simplified certain program rules. In addition, FNS and the states GAO reviewed have taken several steps to improve SNAP payment accuracy that are consistent with internal control practices known to reduce improper payments such as providing financial incentives and penalties based on performance. Despite this progress, the amount of SNAP benefits paid in error is substantial, totaling about \$2.2 billion in 2009 and necessitating continued top-level attention and commitment to determining the causes of improper payments and taking corrective actions to reduce them.

FNS estimates indicate that the national rate of food stamp trafficking declined from about 3.8 cents per dollar of benefits redeemed in 1993 to about 1.0 cent per dollar during the years 2002 to 2005 but that trafficking occurs more frequently in smaller stores. FNS has taken advantage of electronic benefit transfer to reduce fraud, and in response to prior GAO recommendations, has implemented new technology and categorized stores based on risk to improve its ability to detect trafficking and disqualify retailers who traffic. FNS also received authority to impose increased financial penalties for trafficking as recommended; however, it has not yet assessed higher penalties because implementing regulations are not yet finalized. FNS is considering additional steps to encourage states to pursue recipients suspected of trafficking but limited state resources are a constraint.

Categorically eligible households do not need to meet SNAP eligibility requirements because their need has been established under the states' Temporary Assistance for Needy Families (TANF) program. As of June 2010, 36 states have opted to provide categorical eligibility for SNAP to any household found eligible for a service funded through TANF and, in 35 states, there is no limit on the amount of assets certain households may have to be determined eligible, according to FNS. Households can be categorically eligible for SNAP even if they receive no TANF funded service other than a toll-free telephone number or informational brochure. However, the amount of assistance eligible households receive is determined using the same process used for other SNAP recipients. According to FNS officials, increased use of categorical eligibility by states has reduced administrative burdens and increased access to SNAP benefits to households who would not otherwise be eligible due to asset or income limits. However, little is known about the extent of its impact on increased access or program integrity.

SNAP has played a key role in assisting families facing hardship during the economic crisis, but given fiscal constraints and program growth, it is more important than ever to understand the impact of policy changes, and balance improvements in access with efforts to ensure accountability.