GAO Highlights

SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM

Enhanced Detection Tools and Reporting to Combat Recipient Fraud Are in Development

Why GAO Did This Study

In fiscal year 2015, SNAP, the nation's largest nutrition support program, provided about 46 million people with $70 billion in benefits. Fraud has been a long-standing concern in the program, and state agencies are responsible for addressing SNAP recipient fraud. In 2014, GAO reviewed state and federal efforts to combat SNAP recipient fraud.

This testimony summarizes: (1) findings from GAO's 2014 report and (2) the steps FNS has taken since then to address GAO's recommendations. For its 2014 report, GAO reviewed relevant federal laws, regulations, guidance, and documents; interviewed officials in 11 states; interviewed federal officials; tested fraud detection tools using fiscal year 2012 program data, the most recent available at the time of GAO's report; and monitored websites for potential trafficking online. Although GAO's results are not generalizable to all states, the selected states served about a third of SNAP recipient households. For this statement, GAO reviewed FNS's actions to date on its recommendations.

What GAO Recommends

In 2014, GAO recommended that FNS reassess its financial incentives for state anti-fraud efforts and tools for website monitoring; establish additional guidance related to EBT replacement card data; and enhance the reliability of state reporting. FNS agreed with GAO's recommendations and has been taking steps to address them. GAO is not making new recommendations in this testimony statement.

What GAO Found

In 2014, GAO found that selected states employed a range of tools to detect potential Supplemental Nutrition Assistance Program (SNAP) recipient fraud, but they faced challenges, including inadequate staffing levels, that limited the effectiveness of their actions, and the Food and Nutrition Service (FNS) lacked data about the states' efforts. The 11 states GAO studied reported using detection tools required or recommended by FNS, among others, to combat SNAP recipient fraud. However, 8 of these states reported difficulties in conducting fraud investigations due to reduced or stagnant staff levels and funding despite program growth, and some state officials suggested changing the financial incentives structure to help support the costs of investigating potential fraud.

GAO also found limitations to the effectiveness of website monitoring tools and the analysis of card replacement data states used, under the direction of FNS, for fraud detection. Specifically, GAO found FNS's recommended website monitoring tools to be less effective than manual searches and impractical for detecting internet posts indicative of SNAP trafficking—the misuse of program benefits to obtain non-food items. Further, although FNS required states to monitor SNAP households that request at least four replaced electronic benefit transfer (EBT) cards in a year, GAO found that multiple EBT card requests in the same benefit period may not indicate increased risk of trafficking. GAO found that, by adjusting the analysis to focus on SNAP households that both requested cards in at least four different monthly benefit periods and engaged in suspicious transactions, states could possibly detect potential fraud more accurately. For example, in 2014, GAO found that 4,935 SNAP households in Michigan received at least 4 replaced EBT cards in a year. However, out of these householders, GAO identified 39 households that both received multiple replacement cards in at least four different monthly benefit periods and engaged in suspicious transactions indicative of SNAP trafficking, resulting in 10 or more trafficking flags. GAO reported that this type of targeted analysis may help provide states with a starting point for identifying higher priority households for further review, which can be particularly helpful given that states had reported having limited resources for conducting investigations.

GAO also found that, despite FNS's increased oversight efforts at that time, it did not have consistent and reliable data on states' anti-fraud activities because its reporting guidance lacked specificity. For example, the FNS guidance did not define the kinds of activities that should be counted as investigations, resulting in inconsistent data across states.

In 2014, GAO recommended, among other things, that FNS reassess current financial incentives, detection tools, and guidance to help states better combat fraud. As of May 2016, FNS reported progress in studying current anti-fraud approaches and developing better data on them, and is in the process of developing the final tools and guidance states need to help enhance the integrity of the SNAP program.