

Testimony of Craig Gundersen

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Before the Subcommittees on Intergovernmental Affairs and Healthcare, Benefits, and Administrative Rules for the Committee on Oversight and Government Reform on “Supplemental Nutrition Assistance Program (SNAP) Fraud”

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Thank you very much for this kind invitation to testify this morning; it is an honor. I am Craig Gundersen, the Soybean Industry Endowed Professor in Agricultural Strategy in the Department of Agricultural and Consumer Economics at the University of Illinois. In addition, I am on the Technical Advisory Group for Feeding America, the lead researcher on Feeding America’s Map the Meal Gap project, a Round Table Member of the Farm Foundation, a Faculty Affiliate of the Wilson Sheehan Lab for Economic Opportunities (LEO) at the University of Notre Dame, and a Research Fellow at the Texas Hunger Initiative at Baylor University. For over twenty years, my research has concentrated on the causes and consequences of food insecurity and on the evaluation of food assistance programs.

For over fifty years, SNAP has been a shining example of a successful government program. Of greatest importance, it is asked to reduce food insecurity in the United States and it does – study after study has demonstrated this success¹. By reducing food insecurity, research has clearly demonstrated that this leads to improvements in health² and reductions in mortality³ and health care costs⁴. In addition, SNAP leads directly to improvements over multiple other dimensions of well-being including through reductions in poverty, improvements in health, reductions in anemia, etc.⁵. SNAP’s success is achieved through the redemption of benefits at authorized food

¹ Recent work on this topic includes, e.g., Gregory C, Smith T. Saliency, food security and SNAP receipt. *Journal of Policy Analysis and Management*. Forthcoming; Swann C. Household history, SNAP participation, and food insecurity. *Food Policy* 2017;73 1-9; Gundersen C, Kreider B, Pepper J. Partial identification methods for evaluating food assistance programs: A case study of the causal impact of SNAP on food insecurity. *American Journal of Agricultural Economics* 2017;99(4):875-894.

² For a review, see Gundersen C, Ziliak J. Food insecurity and health outcomes. *Health Affairs* 2015;34(11):1830-1839.

³ Gundersen C, Tarasuk V, Cheng J, de Oliveira C, Kurdyak P. Food insecurity status and mortality among adults in Ontario, Canada. *PLoS ONE* 2018;13(8): e0202642.

⁴ Berkowitz S, Basu S, Meigs J, Seligman H. Food insecurity and health care expenditures in the United States, 2011-2013 *Health Services Research* 2018;53(3):1600-1620; Tarasuk V, Cheng J, Oliveira C, Dachner N, Gundersen C, Kurdyak P. Association between household food insecurity and annual health care costs. *Canadian Medical Association Journal* 2015;187(14):E429-E436.

⁵ For a discussion of some of these see Bartfeld J, Gundersen C, Smeeding T, Ziliak J. Editors. *SNAP Matters: How Food Stamps Affect Health and Well Being*. Redwood City, CA: Stanford University Press. 2015.

retailer, ranging from superstores and large grocery outlets to military commissaries and farmers' markets. This public-private partnership avoids the need to support a parallel government food distribution bureaucracy and helps retailers remain economically viable, especially in rural America. Given the profound success of SNAP, it is no surprise that this program has received such strong bi-partisan support for decades.

I could spend this full allocated time by covering in greater details all the amazing things SNAP does, has done, and will do for tens of millions of struggling Americans and, in the process, reducing government expenditures on health care and other services. Instead, due to this hearing's focus, I will address the unfortunate perception that SNAP is a program beset with fraud. Without a doubt, one can tell anecdotes about fraud in SNAP and these should be met with anger and forcefully prosecuted. But, of course, we shouldn't make public policies based on anecdotes. Instead, we should carefully consider the safeguards in place to prevent fraud and, despite these, whether there is extensive evidence of fraud in SNAP.

As stated in testimony before this committee in May of this year on a similar topic⁶, there are two primary types of frauds that USDA has implemented safeguards against. The first is to prevent individuals from intentionally misrepresenting their household's financial resources in an effort to qualify for SNAP or increase benefit levels. Individuals who are found guilty by their state of residence are banned from receiving SNAP for 12 months and, if this happens three times, for life. These safeguards have proven remarkably successful – in 2016, only about one percent of SNAP recipients were found to be in violation of these rules and, consequently, they were punished accordingly.

The second type of fraud is trafficking on the part of SNAP recipients and retailers. This occurs when retailers give cash, rather than food, to SNAP recipients in exchange for benefits. To prevent this, the USDA closely monitors SNAP redemptions and alerts the relevant authorities when trafficking is suspected. (The introduction of EBT made this process easier and more effective than when paper coupons were used.) In addition, the USDA has established extensive partnerships with local law enforcement to address trafficking. Like with fraud, the vigilance of law enforcement and the USDA and the threat of serious penalties has led to extraordinarily low rates of trafficking – in 2016, about 1.5% of SNAP benefits were trafficked.

The primary lesson we can learn from the current regulations is (a) they work and (b) we should be careful about making changes that would hinder the success of SNAP. With respect to changes, we should be wary of ideas promoted in the name of program integrity that would undermine effectiveness. For example, shorter recertification periods would impose burdens on working families who would then need to take time off work to recertify. Or, for example, putting clients' picture on EBT cards would hinder persons with disabilities, seniors, and those in multi-person households from using their benefits. In addition, checking photos in grocery lines puts an undue burden on cashiers and lengthens check-out lines.

⁶ Dean S. *Program Integrity for the Supplemental Nutrition Assistance Program*. Testimony before the Subcommittees on Intergovernmental Affairs and Health Care, Benefits and Administrative Rules of the Committee on Oversight and Government Reform, U.S. House of Representatives. 2018.

SNAP works in terms of improving the well-being of tens of millions of Americans in multiple ways and it does so while maintaining low rates of fraud and trafficking. I support efforts to continue current investment in the tools that USDA and states need to reduce fraud and trafficking. This is an important aspect of program oversight.

We should all be proud of the profound successes that SNAP has achieved over the past fifty years and, in the process, has become a model for other government services. It truly is a program that all of us can count on in our times of need. In some future hearing, I hope to discuss with you all the exciting ways that SNAP can be made even better for Americans of all ages⁷. In the meantime, I thank you all again for the opportunity to speak with all of you today and I welcome responding to any questions you may have.

⁷ Proposals to expand SNAP with respect to recipients and benefit levels include Gundersen C, Kreider B, Pepper J. Reconstructing SNAP to more effectively alleviate food insecurity in the U.S. *RSF: The Russell Sage Foundation Journal of the Social Sciences* 4(2). 113-130. 2018; Waxman E, Gundersen C, Thompson M. How far do SNAP benefits fall short of covering the cost of a meal? *Urban Institute, From Safety Net to Solid Ground*. 2018.; Ziliak J. *Modernizing SNAP Benefits*. Policy Proposal 2016-06, The Hamilton Project. Washington DC: Brookings Institution. 2016.