



# UNITED COUNCIL<sup>ON</sup> WELFARE FRAUD

---

**“The War on Waste: Stamping out the Scourge of Improper  
Payments and Fraud”**

**U.S. House of Representatives  
Committee on Oversight and Government Reform  
Subcommittee on Delivering on Government Efficiency**

**Written Testimony of Dawn Royal  
Past-President and Current Director  
United Council on Welfare Fraud (UCOWF)**

**February 12, 2025**

Chairwoman Greene, Ranking Member Connolly, and distinguished members of the Subcommittee, thank you for the opportunity to testify today. My name is Dawn Royal, and I am honored to appear before you on behalf of the United Council on Welfare Fraud (UCOWF).

Established in 1971 as the National Welfare Fraud Association, UCOWF is the sole national association committed to upholding the integrity of our nation’s public assistance programs. Our mission encompasses providing vital resources for collaboration, professional certifications and growth, and advocacy to members spanning thousands of welfare investigators, administrators, benefit recovery specialists, and specialized law enforcement within county, state, and federal agencies across the United States.

Together, we strive to identify, investigate, prosecute, and recover fraud, waste, and abuse within social service programs such as SNAP, TANF, Medicaid, Child-Care/Early-Start services, LIHEAP, WIC, and unemployment insurance.

Over the years, UCOWF has adapted to the dynamic landscape of welfare fraud, sharing insights on new and emerging methodologies employed by fraudulent actors, and facilitating collaboration among members through various platforms such as social media, our website, and membership directory. Drawing from the real-world experiences of our members, we continually refine strategies and push for enhanced tools to combat fraud effectively. Looking ahead, UCOWF remains unwavering in its commitment to safeguarding the integrity of public assistance programs, promoting collaboration among stakeholders, and leading efforts to prevent and detect welfare fraud and overpayments. Our mission is clear: to safeguard taxpayer funds and ensure that assistance reaches those who truly need it while eliminating fraud, waste, and abuse (FWA).

I have spent the last sixteen plus years of my career working in program integrity and fraud prevention. As a Director at UCOWF and a past president, I have worked alongside federal, state, and local agencies to improve oversight, accountability, and fraud detection mechanisms in public assistance programs. My previous testimony before Congress and my work across multiple jurisdictions have provided me with firsthand knowledge of the challenges agencies face in preventing improper payments and fraudulent claims.

Fraud, waste, and abuse in welfare programs are not abstract issues—they represent billions of taxpayer dollars diverted away from those who genuinely need assistance. Today, I will discuss the primary types of fraud, the vulnerabilities in our current system, and the administrative, regulatory, and legislative actions necessary to combat these problems effectively.

## THE SCOPE OF THE PROBLEM: FRAUD, WASTE, AND ABUSE (FWA) IN PUBLIC ASSISTANCE PROGRAMS

Improper payments in federal assistance programs have reached historic highs, with billions lost annually due to fraud, administrative errors, and program mismanagement. A failure to implement modern fraud prevention techniques and a reliance on outdated oversight methods have allowed fraudsters—both domestic and transnational—to exploit public benefit programs at an alarming rate. Improper payments are the result of administrative agency errors, inadvertent client errors, and most glaringly – fraud.

### Types of Fraud

Fraud in public assistance programs primarily falls into three main categories:

1. **Recipient Fraud** - Individuals or households provide false or misleading information to qualify for benefits they are not entitled to receive. This includes:
  - **Identity Fraud** – Stolen or synthetic identities are used to apply for benefits they are not eligible to receive or hijack benefits intended for a beneficiary/recipient through account takeover methods. This type of fraud continues to flourish under antiquated systems insufficiently prepared for today’s sophisticated criminals. A recent study by the Paragon Health Institute reported that 30% of Medicaid recipients enrolled through the Federal Exchange Marketplace Hub never signed up, costing both states and the federal government between \$15-26 billion per year. (See [“Unpacking the Great Obamacare Enrollment Fraud: How the Exchanges Became the Wild West.”](#))
  - **Falsified Eligibility** – Applicants misrepresent income, household composition, residency, or other eligibility factors to qualify for benefits improperly. This type of fraud is enabled by program administrators at the federal and state levels that rely upon self-attestation, otherwise known as self-certification, without verifications that would confirm or refute program eligibility.
  - **Dual Participation Fraud** – Individuals collect benefits in multiple states by exploiting lack of interstate data sharing. This type of fraud is easily stopped, but not by the antiquated and ineffective PARIS (Medicaid/TANF) system administered by HHS Administration for Children & Families as demonstrated by a recent Oregon audit that found \$445 million in duplicate Medicaid funds paid for individuals living in other states. (See [“Oregon Health Authority: Without Federal Action, States Will Continue to Pay Millions of Dollars in Duplicate Medicaid Payments.”](#)) It should be noted that PARIS has also been offline since February 2024 due to lapsed data sharing agreements.



2. **Retailer/Provider Fraud** – Stores/businesses that process benefits engage in fraudulent activities, such as:

- **Trafficking SNAP/WIC Benefits** – Authorized retailers exchange SNAP benefits on EBT cards for anything other than eligible food items. The most common example of this is when a recipient exchanges SNAP benefits for cash at a dishonest retailer. UCOWF members have also seen benefits trafficked for rent, firearms, narcotics, and human trafficking. Despite this form of fraud resulting from a quid-pro-quo transaction, retailers can be administratively removed with a Preponderance of the Evidence. Even though it is the same incident, antiquated rules require a much higher Clear and Convincing evidential burden for recipients – a significant obstacle that Congress can address.
- **Billing Fraud in Medicaid** – Providers submit claims for services never rendered or overcharge for services. The GAO estimates a combined total of over \$100 billion in improper payments in Medicare and Medicaid in 2023, representing nearly half of all reported improper payments that year. (See GAO report, “[Medicare and Medicaid: Additional Actions Needed to Enhance Program Integrity and Save Billions.](#)”)
- **Collusion with Recipients** – Retailers and recipients work together to defraud the system, increasing the overall financial impact.

3. **Systemic and Administrative Weaknesses** – While not a “type” of fraud, there are systemic and administrative issues that enable and foster an epidemic through gross inefficiencies. Nearly all public assistance programs suffer from outdated policies and technological weaknesses, such as:

- **Over-Reliance on Self-Attestation** – Applicants are not required to provide independent verification of identity, income, residency, or other key eligibility factors. Safety-net programs are supposed to be “means-tested,” yet program rules, regulations, and guidance has increasingly relied upon a “Trust Everyone” mindset. It’s time to return to “Trust but Verify” and restore the public’s trust in the effective administration of taxpayer resources.

In 2023, [GAO testified before House Ways and Means](#),

*“The mechanisms used in a fraud scheme have a close relationship to internal controls. For example, mechanisms of misrepresentation, such as document manipulation, false declarations, and fictitious entities (identity fraud) leave agencies open to significant fraud risk when they rely on self-certification as an internal control for fraud prevention. Confirming the eligibility and identity of individuals receiving payments, such as confirming wage information or verifying identity through data and other checks, are key controls to prevent fraud schemes that rely on such mechanisms.”*

- **Inadequate Identity Verification** – Combined with reams full of outdated regulations, programs such as SNAP have no identity verification requirements, other than to mandate that applicants can opt-out of any online verifications. All that is required is a name, address, and signature for agencies to be required to begin processing expedited benefits
- **Disaster Fraud** – Authorized under the Stafford Act, Agency Secretaries are able to forego all checks and balances administering a program in the time of a disaster. While the public has witnessed the massive theft of taxpayer resources during Covid, the same ineffective guardrails are used in every disaster since Hurricane Andrew and Hurricane Katrina. The belief that you must remove oversight protections to get benefits out quickly is false – in fact, removing them just “rings the dinner bell” for fraudsters around the world. Real needy disaster victims are effectively put in the same queues as every organized criminal, nation-state, terrorist, and transnational organization’s applications.

## COMMON SENSE REFORMS ARE NEEDED

There are simple measures that will give immediate and substantial assistance to fight the ever-increasing occurrences of fraud that have become an epidemic. Specifically, some measures or provisions include:

1. **Move Away from Pay and Chase to Front-End Program Integrity Measures** – The “Pay and Chase” method of addressing fraud and improper payments post-issuance is ineffective. Inspector Generals, law enforcement, and most state anti-fraud staff are focused on responding to public hot-line tips and audits that identify overpayments. Other than the Treasury Offset Program, few effective measures exist to recover benefits once they are spent. This is even more problematic when faced with transnational criminals. States administering Federal programs have no incentive to detect and prevent fraud.

In SNAP, States can retain either 20% (Inadvertent Household Errors/ Unproven Fraud) or 35% (Intentional Program Violation/fraud proven at administrative or criminal proceedings) of recoveries. Prior Farm Bills reduced this amount from 50% retained share of recoveries. Unfortunately, there are no mandates that require agencies reinvest their State share of recoveries into program integrity; and few do.

[The August 2014 GAO](#) report suggested that increasing this retention rate and restricting the use of retained funds to State agency anti-fraud activities could significantly enhance efforts to combat recipient trafficking, noting that the strategy “*may result in a net savings for SNAP if increased collections in payment recoveries outweigh the increased amount States receive in retentions.*” A decade later, nothing changed.

2. **Fund the Fixes:** FNS spends 0.005% of its appropriations on anti-fraud efforts. One twentieth of one percent. States are forced to carry the burden of protecting Federal assets/taxpayer

monies with a 50% administration reimbursement rate. SNAP-Ed receives more money, half a billion dollars, at 100% Federal funding; yet State program integrity efforts receive no earmarks and require 50/50 State matching. States, reluctant to invest their limited resources to protect federal taxpayer resources, are put at a significant disadvantage when compared to other assistance programs.

The only grant program providing funds to States to combat fraud is the SNAP Fraud Framework Grant, established by Section 4029 of the 2014 Farm Bill – which awards up to \$750,000 to a single State out of the total \$5M appropriated. However, not all appropriations are distributed, and no grants were published or awarded in 2016 and 2017.

3. **Publish Data for the Public** - The question of how much fraud is a topic of discussion and debate, primarily due to the lack of collected or published data. FNS contends fraud rates of less than 1% and holds the program as a model of federal excellence. Anyone, including the public, can clearly see the numbers do not add up. It is a matter of debate even amongst UCOWF members across the nation with rates ranging from 8% to 40% of all households currently enrolled. One thing is clear – the fraud rate varies from County to County, State to State... but the numbers being bantered about by USDA FNS amount to nothing short of gaslighting.

The issue is compounded by the mandatory quarterly reporting by State SNAP agencies in the FNS 366B (fraud reporting) and FNS 209 (claims recovery) reports. Simply put, the numbers are wrong. I am reticent to say this is intentional as USDA FNS does not publicly post this information online, and it takes months to get a FOIA response.

The States themselves know the numbers are much higher. [Commonwealth of Pennsylvania's Inspector General](#) *"told lawmakers during a recent budget hearing that the agency uncovered a 40% fraud rate among public assistance beneficiaries – primarily in the Supplemental Nutritional Assistance Program."*

4. **Require Adequate Investigative Oversight Staffing** - Nearly all State and County SNAP agencies are facing a shortage of eligibility workers currently focused on Unwinding and a backlog of certifications since the PHE ended. However, the worker shortage has hit the hardest in program integrity. Current antiquated regulations only require fraud detection units when an "area" exceeds 5,000 households – no standard in the amount of Program Integrity staff is defined - and the "area" can include the entire State – a part time employee with other duties meets the minimum standards in SNAP, and there is no minimum requirement in Medicaid or TANF for fraud investigators.

Fraud rates may appear low – but only because States lack staff and resources to address fraud prior to issuance. GAO has reported on this in a [2016 report](#) – and while recipient rolls



and program expenditures have drastically increased over the past 20 years, there have been few increases to staff dedicated in protecting SNAP. A review of staffing levels in each program is needed.

5. **Reform Each Program** – Technologies have advanced, yet nearly all programs are rooted in decades of antiquated regulations, some dating back sixty years. I was honored, along with my colleague, Andrew McClenahan, to be asked to provide Subject Matter Expertise relating to program integrity in the SNAP program in a project with the American Enterprise Institute (AEI). In October 2024, AEI published A Reform Framework for the Supplemental Nutrition Assistance Program. Rather than rehash the common sense and needed reforms in this document, I will encourage your staffers to read <https://www.aei.org/wp-content/uploads/2024/10/A-Reform-Framework-for-the-Supplemental-Nutrition-Assistance-Program.pdf>. A similar effort is sorely needed in all programs. Modernizing and simplifying every program will make it easier to serve the public – and this can be done while enforcing program rules.

## IMMEDIATE ACTION CAN WIN THE WAR ON FWA

In April 2024, UCOWF published a white paper titled, “[Improving SNAP: Program Integrity Initiatives Needed in the 2024 Farm Bill](#).” This document includes initiatives to address SNAP recipient integrity, retailer oversight, and program administrative inefficiencies in the Farm Bill – something Congress must address before the October. The problems have existed for decades, it’s time for serious program reform and modernization of both technologies and processes. The millions of households that depend on a hand-up to attain self-sufficiency deserve a streamlined customer experience from simplified but enforced accountability and oversight, while the public demands effective program stewardship.

### Specific actions include (in no particular order):

1. Require identity verification and authentication on all applications and customer facing phone and internet portals and eliminate “opt-outs.” This addresses the bulk of EBT fraud losses attributed to EBT Skimming.
2. Eliminate the overuse of “self-certification/self-attestation” and the Honor System and verify eligibility using a “Trust But Verify” data verification.
3. Mandate and fund or incentivize State’s to check for income, liquid assets/resources, deceased, incarceration, and residency.
4. Immediate course correction through implementation of the successful National Accuracy Clearinghouse to eliminate duplicate participation.

5. Make it easier to administratively remove recipients fraudulently abusing SNAP benefits by aligning recipient trafficking to other safety-net programs Preponderance of the Evidence for trafficking/selling benefits.
6. Modernize Disaster policies across all federal programs to prevent the painful lessons of PHE fraud occurring again.
7. Require counties/states/territories adequately staff program integrity investigators.
8. Require client cooperation in administrative investigations, removing non-compliant households the same way they can be removed for failing to comply with quality control audits.
9. Eliminate data sharing silos that still exist post 9/11.
10. Require “dead beat dads” comply with child support enforcement to continue receiving federal benefits.
11. Require USDA FNS to follow their own SNAP Fraud Framework 2018 guidance to States.
12. Require SNAP benefits be used only within the state of residency (and border counties) and eliminate out-of-state usage by requiring both items purchased and geolocation transmitted at the time of the transaction.
13. Disqualify felons with outstanding warrants and from any government assistance until they turn themselves in and begin due process procedures. The government should require individual accountability, not feed it.
14. Require federal oversight of retailers by conducting background checks on businesses and owners prior to approval. For far too long, the USDA has abdicated their responsibility to vet retailers contributing to fraudulent practices and treat retailer integrity as an entitlement program.
15. Modernize retailer eligibility guidelines to require owners to be lawfully residing adult residents and suspend authorizations on credible allegations of fraud, like Medicaid provider integrity guidelines.
16. Increase the State Retained Share of improper payment recoveries and mandate reinvestment into anti-FWA initiatives.
17. Eliminate the wasteful Broad-Based Categorical Eligibility (BBCE) state loopholes that exponentially increase waste in other programs and foregoes necessary eligibility checks for “means-tested” programs.
18. Consider moving to a “use it or lose it” EBT infrastructure to prevent recipients from accruing high balances. Every state has households with balances over \$10-\$15,000; SNAP was not intended to become a Food IRA fund.
19. Allow data matches to be Verified Upon Receipt and allow State administrators to act upon information from approved data sources currently prohibited by the Computer Matching and Privacy Protection Act of 1988.





20. Audit the State Options and Waivers and require annual attestation by the respective Governor on the administrative needs that demand non-adherence to program guidelines. The USDA should likewise report to Congress all program waivers and demonstration projects to prevent administrative executive program expansion without justification (such as waiving interviews).
21. Require USDA post all waivers, demonstration projects, and mandatory reporting (such as the FNS 209 (benefit recovery) and FNS 366b (investigations) online quarterly for public transparency and accountability. FNS currently does not post these reports, and the State Activity Reports are consistently three years behind with zero culpability.
22. Immediately close cases with undeliverable mail and deny applications for declared ineligibility.

UCOWF recommends Congress review and consider action on the [full list of Farm Bill recommendations](#), my [prior testimony before Congress](#), and the [AEI's Reform Framework](#) documents.

### **Closing**

In closing, this is the time to act. The laundry list of issues in public assistance programs is well documented. The recommendations and solutions have been discussed – we can no longer claim ignorance to the problems, we can not longer hide behind the gas lighting from career bureaucrats. The importance placed upon the DOGE and this Subcommittee give every taxpayer in this country hope that we can restore the intended purposes of the programs UCOWF members strive daily to safeguard. It's time to restore the public's confidence in government.

Thank you for the opportunity to address these issues and the invitation to appear before this distinguished body. I look forward to these discussions, and the United Council on Welfare Fraud stands ready to assist, educate, and collaborate on the War on Waste.

## *Dawn Royal*

Past-President and Director  
United Council on Welfare Fraud  
[www.ucowf.net](http://www.ucowf.net)



**UNITED COUNCIL  
ON WELFARE FRAUD**