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Food stamps at 50: Help needed

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Fifty years ago today, President Lyndon Johnson signed into law the Food Stamp Act of 1964.

The law without question has kept many people, especially children, from going hungry. One source placed the number at 4 million, including 2.1 million children, in 2012.

But what's now called the Supplemental Nutrition Assistance Program (SNAP), now employed through electronic benefit transfer (EBT) cards instead of the stamps it started with, is also rife with abuse.

Benefits, transferred to EBT cards, are supposed to be used only for healthy foods such as bread, cereal, fruits, vegetables, meat and dairy products, according to the United State Department of Agriculture. Supposedly verboten are hot food, pet food, soap, household supplies, beer, cigarettes and wine. But SNAP historically has not been good at enforcing its own rules.

Thus, as enrollment in SNAP rose from 26 million Americans (one in 12) in 2007 to nearly 47 million (one in seven) in 2012, abuse of the program in an increasingly technological world did not abate.

The amount of SNAP benefits paid in error was about \$2.2 billion in 2009, according to the Government Accountability Office (GAO). And a 2012 report by the United States Department of Agriculture put the amount of food stamp fraud at \$750 million, more than double the amount from a 2006-2008 study.

Tennessee and other states have passed laws to try to curb this abuse. One of the laws (Public Chapter 312) prohibits the use of EBT cards (which also hold Temporary Assistance for Needy Families cash benefits) in liquor stores, casinos, gambling casinos or gaming establishments, and adult cabarets; requires the reimbursement of such money spent; and subjects abusers to fines. The other law (Public Chapter 402) provides additional investigative authority for such abuse.

Nevertheless, a 15-month investigative report by a Memphis television station earlier this year -- after the laws went into effect -- found hundreds of purchases by EBT card holders at liquor stores, strip clubs and casinos.

In South Carolina, EBT fraud cases roses 1,000 percent from 2010 to 2011.

A GAO report released last week found that, during a 30-day testing period, one particular e-commerce website found "28 postings ... that advertised the potential sale of food stamp benefits in exchange for cash." And some recipients were exchanging their benefits online for money, housing or art, the report found.

There's even some question that enough of the benefits do what they're designed for. Indeed, according to the Government Accountability Office, "the literature is inconclusive regarding whether SNAP alleviates hunger and malnutrition in low-income households."

And, worst of all, instead of being a temporary assistance program as it was designed, the Food Stamp program has helped foster dependency. In one Heritage Foundation survey over 20 years, 40.8 percent of spending went to individuals who had been on the program 10 or more years.

But relatively little is being done about the fraud. According to SNAP's own numbers, only "over 100 analysts and investigators" reviewed the practices of "over 15,000 stores" in 2012. But for the Affordable Care Act alone, the Internal Revenue Service asked for 6,700 new agents in 2013 on top of the 1,200 it already had.

Part of the problem, too, is that the federal and state governments blame each other for the problems. While the federal government runs the program, it is administered -- and fraud must be detected and prosecuted -- by each often cash-strapped state.

"The more governments that are involved," Nicole Kaeding of the Cato Institute correctly told the Washington Times, "the less they are accountable."

The GAO suggests improving financial incentives to the state for recovered overpayments, but that focuses the problem more on enforcement than on prevention, where it should be.

The real question should be, if the economy has improved as much as Obama administration officials say it has, why are there 40 percent more people on the food stamp program than there were five years ago?

To combat the problem in the short run, the administration should offer cards that do not permit illegal purchases and move some of its new IRS agents to stem the online fraud. In the long run, it should attempt to dial back the number of recipients to those for whom the food will truly make a difference and not those for whom the benefits are just extra spending money.