

THE EXTENT OF TRAFFICKING IN THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM: 2012–2014 (SUMMARY)

Background

Retailer trafficking of Supplemental Nutrition Assistance Program (SNAP) benefits occurs primarily when SNAP recipients sell their benefits for cash to food retailers, often at a discount. Although trafficking does not increase costs to the Federal Government, it is a diversion of program benefits from their intended purpose of helping low-income families access a nutritious diet. This report, the latest in a series of periodic analyses, provides estimates of the extent of trafficking during the period 2012 through 2014.

Methods

The U.S. Department of Agriculture (USDA), Food and Nutrition Service (FNS) uses information from administrative investigations of SNAP retailers to estimate the level of trafficking. Data are drawn from two types of investigations: those occurring covertly in stores and those based on SNAP electronic benefit transfer records, both of which focus on retailers that exhibit suspicious behavior. Because of the focus on higher risk stores, estimates calculated using only these sources would be higher than in the retailer population as a whole. We therefore adjust the trafficking outcomes from investigation activity to reflect the characteristics of the overall population of SNAP retailers. Three estimates of trafficking are presented:

- total value of SNAP redemptions that were trafficked,
- trafficking rate, or the proportion of

SNAP redemptions that were trafficked, and

- store violation rate, or the proportion of authorized stores that engaged in trafficking.

Key Findings

During 2012 to 2014, the rate of trafficking was 1.5 percent of total SNAP benefits, an increase from the estimate of 1.3 percent in the 2009-2011 study. Much of this increase is due to growth in the number of SNAP-authorized smaller stores that have a higher rate of trafficking. Overall, rates of trafficking have declined over time from nearly 4 percent of total SNAP benefits in the 1990s.

The total value of trafficked benefits increased to an estimated \$1.1 billion annually, reflecting the overall growth in SNAP participation and benefits, and the slightly higher trafficking rate. This is an increase from \$858 million annually in the 2009-2011 study. The trafficking amount declined over time from \$811 million annually in 1993 to a low of \$241 million annually in 2002-2005, but has risen since then, mostly due to the increased size of the program. This reflects an increase in annualized redemptions from \$63.7 billion in the 2009-2011 study period to \$72.1 billion in the 2012-2014 study period.

About 11.8 percent of all authorized SNAP stores engaged in trafficking. The rate of store violations has increased from 10.5 percent in the 2009-2011 study. The number of stores authorized to accept SNAP

benefits also increased since the last study period. The majority of that growth has been in small grocery stores and convenience stores. Since the 1990s, the proportion of SNAP retailers engaged in trafficking has ranged from 7.4 percent to 11.8 percent.

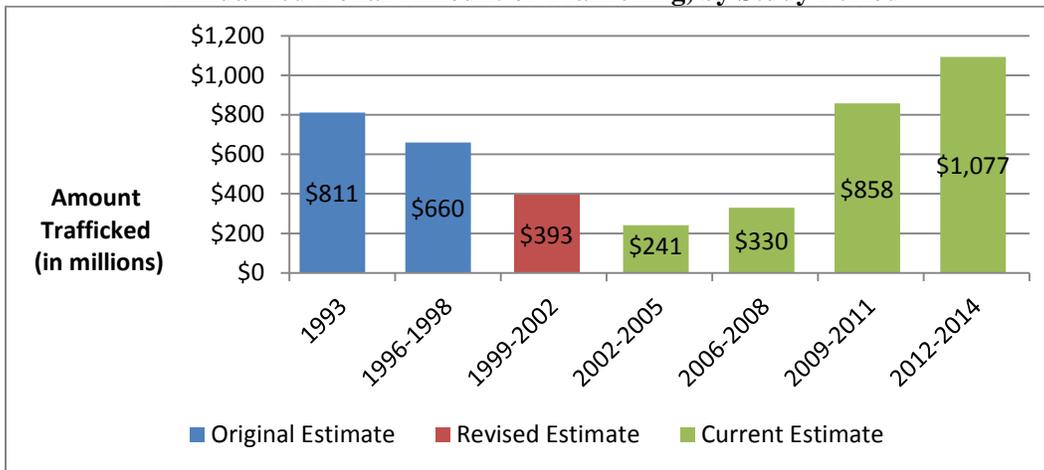
The likelihood of trafficking varied by store characteristics and settings. Small stores (e.g., small grocery or convenience stores) accounted for about 16 percent of all redemptions, but accounted for 94 percent of all dollars trafficked. Trafficking occurred exclusively in privately owned stores. It also occurred more frequently among

retailers located in neighborhoods with higher rates of poverty than those with less poverty and in the most urbanized neighborhoods.

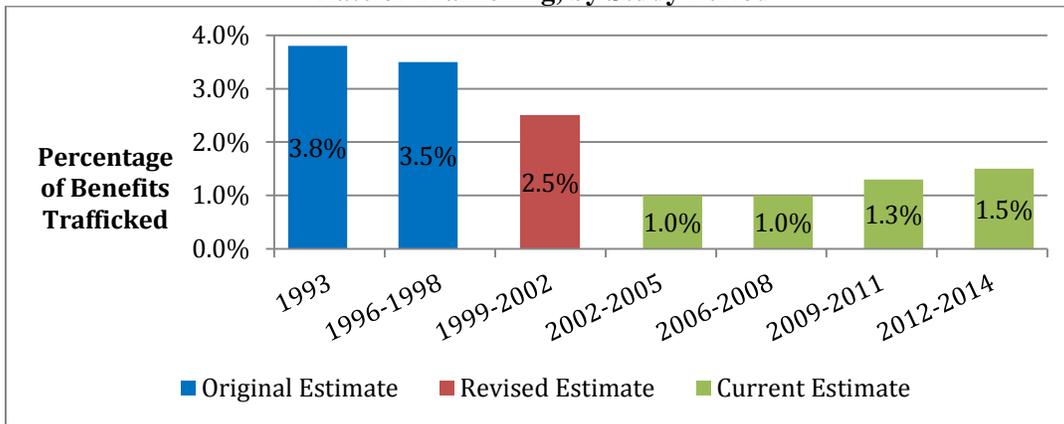
For More Information

Willey, Joseph, Nicole Fettig, and Malcolm Hale. *The Extent of Trafficking in the Supplemental Nutrition Assistance Program: 2012–2014*. Prepared by WRMA, Inc. for the U.S. Department of Agriculture, Food and Nutrition Service, September 2017. Available online at www.fns.usda.gov/research-and-analysis.

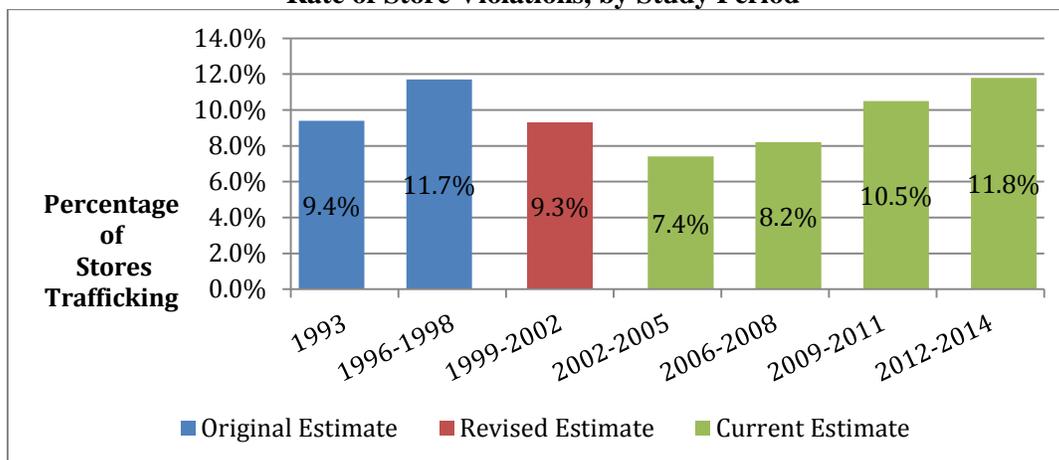
Annualized Dollar Amount of Trafficking, by Study Period



Rate of Trafficking, by Study Period



Rate of Store Violations, by Study Period



Note: The “Original Estimate” (blue bars) represents data from in-store investigations. The “Revised Estimate” (red bar) includes in-store investigations and review of suspect transactions. The “Current Estimate” (green bars) is the most comprehensive and also incorporates a broader population of stores with suspect redemption patterns.