

THE EXTENT OF TRAFFICKING IN THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM: 2009–2011 (SUMMARY)

Background

Trafficking of Supplemental Nutrition Assistance Program (SNAP) benefits occurs 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 2009 through 2011.

Methods

FNS uses information from administrative investigations of SNAP retailers to estimate the level of trafficking. Data is 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 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 2009 to 2011, the rate of trafficking increased to 1.3 percent of total SNAP benefits from the previous estimate of 1.0 percent in 2006-2008 study. 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 \$858 million annually, reflecting the overall growth in SNAP participation and benefits. This is an increase from \$330 million annually in the 2006-2008 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. A substantial portion of this increase is due to the growth in the program, where redemptions totaled \$36 billion in 2008 (the last year of the previous study period), then increased to \$55 billion in 2009 (the first year of present study period) and eventually to \$73 billion in 2011.

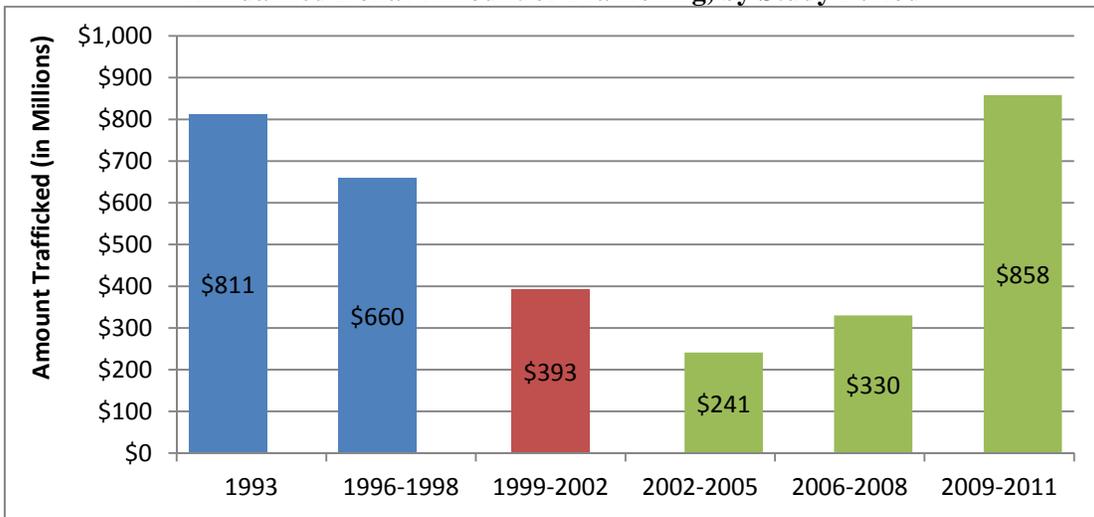
About 10.5 percent of all authorized SNAP stores engaged in trafficking. The rate of store violations has increased from 8.2 percent in the 2006-2008 study. The number of stores authorized to accept SNAP benefits also increased between study periods. Over time the percent of SNAP retailers engaged in trafficking has ranged from 7.4 percent to 11.4 percent.

The likelihood of trafficking varied by store characteristics and settings. Small stores (e.g., small grocery or convenience stores) accounted for about 15 percent of all redemptions, but accounted for 85 percent of all trafficking redemptions. Trafficking was more likely to occur among privately owned stores than publicly owned stores and was more likely among retailers located in higher poverty neighborhoods.

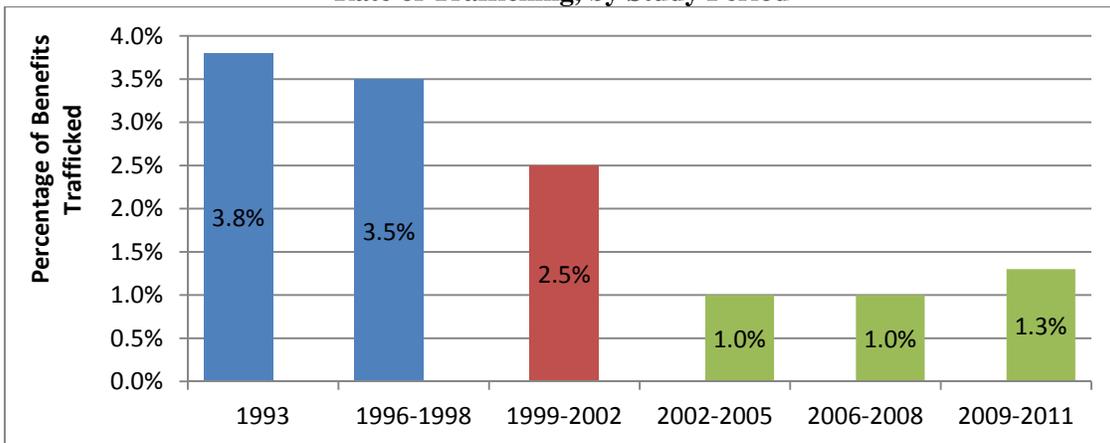
For More Information

Mantovani, Richard, Eric Sean Williams, and Jacqueline Pflieger. *The Extent of Trafficking in the Supplemental Nutrition Assistance Program: 2009–2011*. Prepared by ICF International for the U.S. Department of Agriculture, Food and Nutrition Service, August 2013. Available online at www.fns.usda.gov/research-and-analysis.

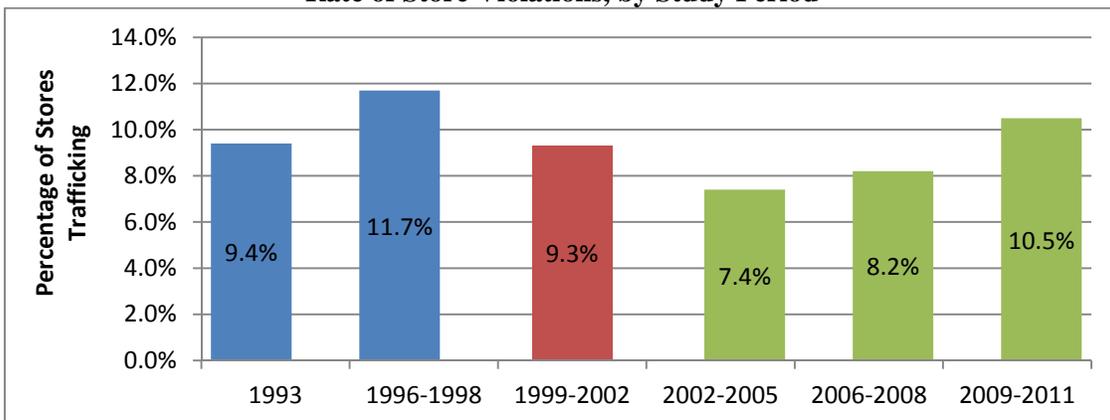
Annualized Dollar Amount of Trafficking, by Study Period



Rate of Trafficking, by Study Period



Rate of Store Violations, by Study Period



Note: The different color bars for each study period represent different set of estimates as the available information on store surveillance and forms of investigation has expanded over time.