



# AUDIT OF DATA ANALYTICS TO DETECT SNAP ABUSE FOLLOW UP

SOCIAL SERVICES APPROPRIATIONS SUBCOMMITTEE  
STAFF: HECTOR ZUMAETA SANTIAGO

ISSUE BRIEF

**SUMMARY**

On December 23, 2015, five recommendations were made to the Department of Workforce Services (DWS) as part of a Performance Audit of Data Analytics to detect Supplemental Nutrition Assistance Program (SNAP, Food Stamps) Abuse. The recommendations are identified below. DWS has responded by either making changes to their data capture and analysis efforts or continuing efforts that have been implemented. Three audit recommendations led to administrative changes and for the remaining two recommendations, the agency continued efforts they had in place.

Description	Status
Finding 1 – Incorporate Historical Data	DWS has updated its data analytics efforts to account for historical trends.
Finding 2 – Out of State Use	DWS has finished review of out of state cases and reviewed state eligibility for recipients making out of state purchases.
Finding 3 – Replacement EBT Cards	DWS has sent notices to recipients requesting more than 4 EBT (Electronic Benefit Transfer) cards within a year.
Finding 4 – Rapid Successive Transactions	DWS already accounts for rapid successive transactions and works with FNS (Food and Nutrition Service) to explore electronic methods.
Finding 5 – Even Dollar Transactions	DWS already uses even dollar transactions in analysis.

SNAP Overpayment Results: These are included to show how the audit has affected debt collection and caseloads.

Description	Fiscal Year 2015	Fiscal Year 2016	Percentage Change
Overpayments Referred for Adjudication	491	794	+61.7%
Dollar Amounts of Debts Referred for Adjudications	\$1,206,818.38	\$2,098,691.05	+73.9%
Amount Collected on Debts	\$824,489.02	\$821,854.11	-0.3%

The collected debts tend to lag behind the fiscal year. This means that collected debts are not all associated to the Debts Referred for Adjudications for that year.

**LEGISLATIVE ACTION**

The Fiscal Analyst recommends that the Subcommittee pass the following intent language:

The Legislature intends that the Department of Workforce Services report to the Office of the Legislative Fiscal Analyst by August 15, 2017 what it has done in response to each of the recommendations in "A Performance Audit of Data Analytics Techniques to Detect SNAP Abuse." The report shall further include what the impacts current and projected, financial and otherwise of the changes have been and will be.

**DISCUSSION AND ANALYSIS**

***Finding 1 - The Investigations Unit Does Not Effectively Use Data Analytics to Prioritize High Risk Recipient Behavior***

<b>Recommendation</b>	<b>Changes Made by Workforce Services</b>	<b>Efforts Already in Place</b>
Strengthen data analytics to identify high risk recipient behavior to guide investigations.	DWS has worked with Accenture and updated their data analytics to look at and document high risk behavior to guide future investigations.	
Ensure transaction data is captured and analyzed accurately in reports.	New investigations will account for recipient history.	
Consider historical behavior of SNAP recipients to guide investigations.	New investigations will account for recipient history.	
Combine transaction made within same minute that draw from separate grants.	Transactions made within the same minute from different grants have also been combined.	

***Finding 2 - Analyzing Out-of-State Transactions Could Identify Ineligible Recipients***

<b>Recommendation</b>	<b>Changes Made by Workforce Services</b>	<b>Efforts Already in Place</b>
Review all 636 cases of purchases made exclusively outside of Utah to determine if SNAP benefits being received from other states.	DWS identified remaining 37% of 636 total cases of out of state SNAP usage to determine if recipient was receiving benefits from other states.	
Review SNAP recipients who make majority of purchases outside of Utah to verify residency requirements are fulfilled.	DWS has been accounting for out of state purchases in research and investigations, but had only investigated 63% of the cases prior to the audit. The remaining cases have been investigated since then.	
Ensure SNAP recipients not in enrolled in SNAP programs in other states.		DWS has reviewed in state eligibility for recipients making out of state purchases with Utah SNAP benefits and reviewed that recipients are not enrolled in SNAP in other states.
Review algorithms to detect out of state purchases to identify recipients that don't reside in Utah.		DWS does not want to publish exact strategies being used to analyze out of state purchases, but they are being researched.

**Finding 3 - DWS Could Limit EBT Card Trafficking by Conforming to Federal Requirements.**

Recommendation	Changes Made by Workforce Services	Efforts Already in Place
Send Food and Nutrition Service required notices to recipients who request more than 4 replacement Electronic Benefit Transfer cards in 12-month period.	DWS has sent notices to recipients who request more than 4 replacement Electronic Benefit Transfer cards in a 12-month period. Previously, notices were not sent in every case. The issue has been fixed and quality control was completed after April of 2016.	
Revise algorithms to identify historical frequency of Electronic Benefit Transfer card replacements to identify benefit trafficking.		DWS is already researching elements behind Electronic Benefit Transfer replacement cards.
Correct automated system errors so replacement Electronic Benefit Transfer card notice sent only after 4 <sup>th</sup> card placement in 12 months or when trafficking suspected.		DWS does not want to publish exact strategies being used to view Electronic Benefit Transfer replacement cards elements.
Consider withholding excessive replacement Electronic Benefit Transfer cards until participants contact the Department of Workforce Services and explain why new card is needed.	DWS is currently contacting every customer that receives five or more EBT cards within a 12-month period and will monitor efforts to determine if more needs to be done.	
Consider revising notice sent to SNAP recipients request four or more replacement cards to reflect <ul style="list-style-type: none"> <li>• Exact number of cards participant has requested.</li> <li>• Actual time period that notice references.</li> <li>• More inclusive list of potential trafficking behaviors.</li> </ul>	As of April 2016, notices sent to recipients now state: <ul style="list-style-type: none"> <li>• Exact number of cards recipient has requested.</li> <li>• Actual time period that the notice is referencing.</li> <li>• A more inclusive list of potential trafficking behaviors.</li> </ul>	

**Finding 4 - Investigating Rapid Successive Transactions Could Limit SNAP Fraud.**

Recommendation	Changes Made by Workforce Services	Efforts Already in Place
Consider the following when prioritizing cases to investigate <ul style="list-style-type: none"> <li>• Number of rapid successive transactions made in short intervals.</li> <li>• Amount of the transactions.</li> <li>• Total transactions.</li> <li>• Abnormal purchase patterns.</li> </ul>		With respect to rapid successive transactions, DWS is already working with the Food and Nutrition Service to explore electronic methods of recording rapid successive transactions and coordinates with the State’s Office of the Attorney General or USDA office of Inspector General to prioritize investigations.
Explore electronic capabilities to detect rapid successive transactions and other abnormal recipient behavior in real time.	DWS will explore use of electronic capabilities in the project.	
Coordinate with Office of the Attorney General or USDA Office of Inspector General to prioritize for investigation merchants who receive excessive rapid successive transactions.		DWS does not want to publish exact strategies being used regarding rapid successive transactions, but these transactions are being captured and researched in their data analysis efforts.

**Finding 5 - DWS Does Not Identify and Investigate Some High Risk Even Dollar Transactions.**

Recommendation	Changes Made by Workforce Services	Efforts Already in Place
Weigh even dollar transactions by number of purchases and total purchase amount to focus investigative efforts.		DWS indicates that it uses even dollar transactions as part of their analytic efforts but does not want to publish exact strategies being used.
Expand evaluation of even dollar transactions to include recipients who: <ul style="list-style-type: none"> <li>• Make multiple even dollar transactions of any amount.</li> <li>• Make even dollar transactions exceeding a given threshold.</li> <li>• Have history of even dollar transactions.</li> </ul>		DWS also indicates that it makes use of amount thresholds, history and frequency in their data analysis of even dollar transactions.

***Impact on State Budget***

Thirty-five percent of the collections from Intentional Program Violation (IPV) are deposited into the State General Fund (the remaining sixty-five percent goes to the federal government). Since collected debts lag behind the fiscal year, not all collected debts are associated with the Debts Referred for Adjudications for that year. This process makes it difficult to project the amount of IPV Debts that will be collected.

It is estimated that of the 794 Intentional Program Violations (IPV) SNAP overpayments referred for adjudication in SFY16, 120 remain in adjudication. The impact on the state budget is still unclear.

***Links to More Information***

1. Follow-Up on Performance Audit of Data Analytics Techniques to Detect SNAP Abuse by the Department of Workforce Services, see <http://le.utah.gov/interim/2016/pdf/00003390.pdf>
2. A Performance Audit of Data Analytics Techniques to Detect SNAP Abuse by the Office of the Utah State Auditor, see <http://financialreports.utah.gov/saoreports/2015/PA15-04DataAnalyticsforSNAPAbuseWorkforceServices,Departmentof.pdf>