

# HOUSE RESOLUTION NO. 127

Rep. Schmaltz offered the following resolution:

1           A resolution to urge Congress to pass legislation and urge the  
2 United States Department of Agriculture to promulgate rules and  
3 implement more thorough security measures that would reduce the  
4 amount of fraud in the Supplemental Nutrition Assistance Program.

5           Whereas, The Supplemental Nutrition Assistance Program,  
6 commonly referred to as SNAP, provides resources for low-income  
7 individuals and their families who would otherwise be unable to  
8 afford enough food to feed themselves; and

9           Whereas, Those who desperately rely on SNAP benefits have had  
10 their benefits stolen. Millions of dollars have been stolen from  
11 the program by both domestic and transnational organized criminal  
12 groups. In May 2023, Michigan Attorney General Dana Nessel  
13 announced charges for a group accused of making at least four

1 million dollars in fraudulent purchases by stealing benefits from  
2 over eight thousand electronic benefit transfer (EBT) cardholders;  
3 and

4       Whereas, The United States Department of Agriculture (USDA)  
5 has antiquated technology and limited program oversight. The USDA  
6 only spends one twentieth of one percent of their budget on anti-  
7 fraud efforts. Instead of updating their technology to protect SNAP  
8 beneficiaries, the USDA simply puts up warnings and advises  
9 beneficiaries to try not to have their EBT cards, which still use  
10 the old technology of magnetic stripes, skimmed by scammers; and

11       Whereas, SNAP beneficiaries carry the burden of SNAP fraud,  
12 often going weeks without the benefits stolen from them. Victims of  
13 fraud are encouraged to report fraud to police departments and  
14 government departments. By failing to update their technology, the  
15 USDA creates more work for the victims and individuals in law  
16 enforcement who must spend time and resources investigating  
17 criminals associated with food benefits fraud; and

18       Whereas, Given the recent cases regarding SNAP fraud, it is  
19 estimated the program's fraud rate is over twenty percent. The USDA  
20 claims to have a retailer trafficking fraud rate of less than two  
21 percent, but they admit that they lack the adequate tools to  
22 accurately determine the rate. It is also highly unlikely the  
23 USDA's fraud rate is lower than the average annual fraud rate of  
24 big banks and credit card companies that have much better  
25 technology to prevent fraud than the USDA; and

26       Whereas, To better protect against the theft of SNAP benefits,  
27 the USDA should implement new technology by switching EBT cards  
28 from magnetic stripe cards to chip enabled cards and requiring  
29 additional identity verification. The USDA should also restrict the

1 area in which cardholders can use their cards and require  
2 cardholders to notify the department when they plan to use the  
3 cards outside of the restricted area. This would better protect  
4 against scammers in other states from being able to make fraudulent  
5 transactions; now, therefore, be it

6 Resolved by the House of Representatives, That we urge  
7 Congress to pass legislation and urge the United States Department  
8 of Agriculture to promulgate rules and implement more thorough  
9 security measures that would reduce the amount of fraud in the  
10 Supplemental Nutrition Assistance Program; and be it further

11 Resolved, That copies of this resolution be transmitted to the  
12 Speaker of the United States House of Representatives, the  
13 President of the United States Senate, Governor Whitmer, the  
14 Michigan Department of Health and Human Services, and the members  
15 of the Michigan congressional delegation.