

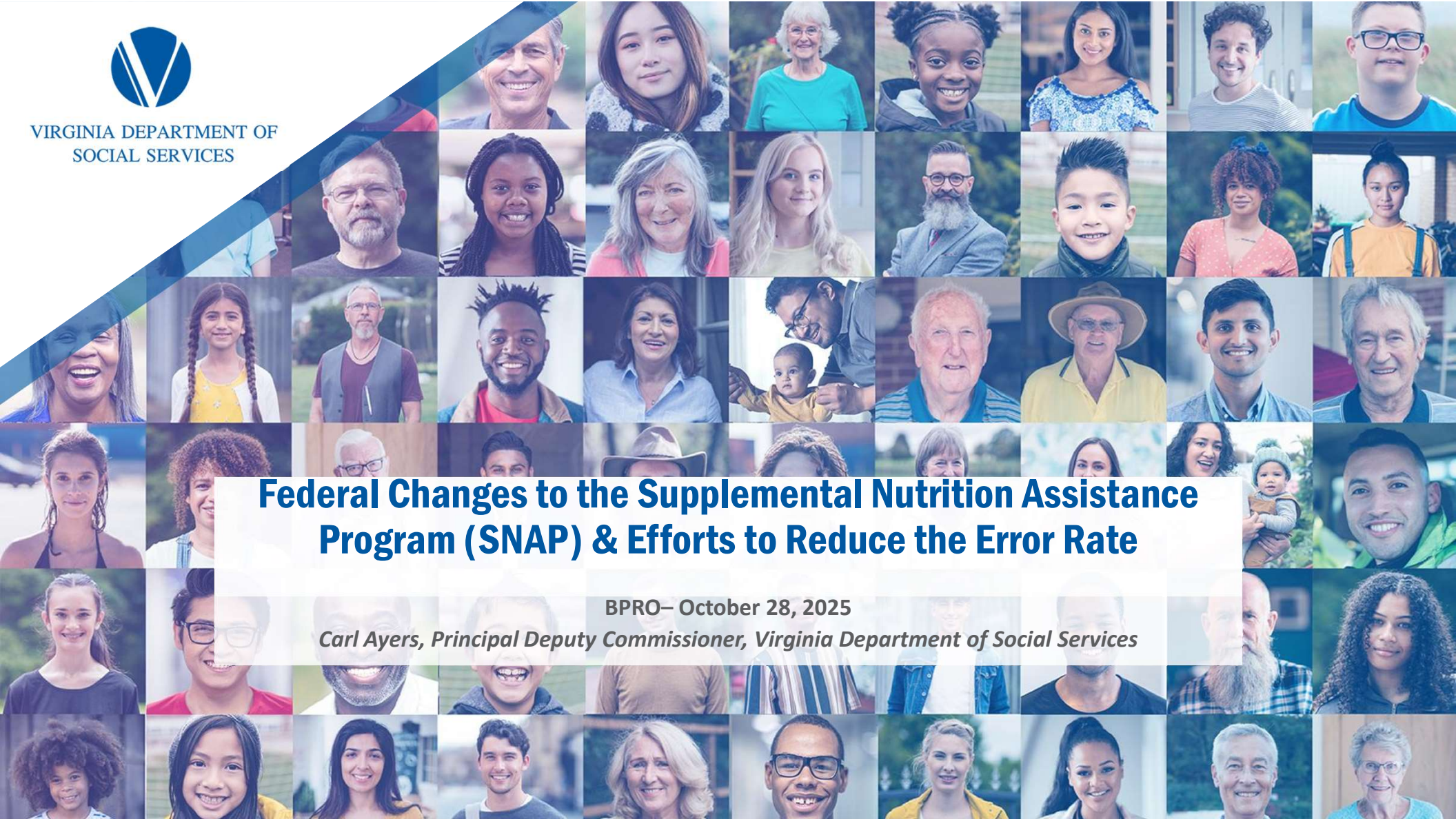


VIRGINIA DEPARTMENT OF
SOCIAL SERVICES

Federal Changes to the Supplemental Nutrition Assistance Program (SNAP) & Efforts to Reduce the Error Rate

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Agenda

- **Key Federal Policy Changes**
- **Fiscal Impact to Virginia**
- **State Response Measures**

Key Federal Policy Changes

Overview

H.R.1 (“One Big Beautiful Bill Act”) makes major changes to SNAP

- Changes who is eligible and how they remain eligible
 - Limited non-citizen eligibility
 - Expanded community engagement requirements (work, service, or education) for Able-Bodied Adults Without Dependents (ABAWDs)
- Eliminates funding for nutrition education grant program (“SNAP-Ed”)
- Shifts more costs to states
 - Fixed increase in administrative costs
 - Variable increase in benefit allocations costs depending on SNAP error rate

Key Federal Policy Changes Alien Eligibility

Certain groups of aliens are eligible for SNAP benefits. They are called “qualified non-citizens.”

Undocumented immigrants are not eligible to receive benefits.

H.R. 1 changes for non-citizen eligibility:

- Eliminates eligibility for those who qualify for conditional entry to the US through:
 - Asylum
 - Refugee laws
 - Urgent humanitarian reasons (e.g., survivors of domestic violence or human trafficking)
- Maintains eligibility for:
 - U.S. citizens or U.S. nationals
 - Lawful permanent residents (“green card holders”) who have resided in US for 5+ years
 - Cuban or Haitian entrants
 - People legally in US under the Compacts of Free Association (Micronesia, the Marshall Islands, Palau)

Key Federal Policy Changes ABAWD Work Requirements

Able-Bodied Adults Without Dependents (ABAWDs) face extra work requirements beyond general SNAP rules.

Benefits for ABAWDs are limited to 3 months in a 36-month period unless they work, volunteer, or train at least 80 hours per month.

H.R. 1 changes for ABAWD work requirements:

- Increases upper age exception to 65+ years (previously 55+ years)
- Limits the exception based on responsibility to care for a dependent child to those with a child under 14 years of age (previously 18 years)
- Ends exemptions for:
 - People who are homeless
 - Veterans
 - Foster care youth who aged out of foster care at 18 through 24 years old
- Establishes new exemption for Indians and others eligible for the Indian Health Services
- Ends waivers for localities based on lack of sufficient number of jobs
- Establishes waivers for localities with unemployment rate above 10%

Key Federal Policy Changes Eliminating Funding for SNAP-Ed

The SNAP Nutrition Education and Obesity Prevention Grant Program (SNAP-Ed) aims to help participants establish healthy eating habits and a physically active lifestyle.

Also known as "Virginia Family Nutrition Program."

Currently, SNAP-Ed is 100% federally funded. It is administered by VDSS and Virginia Tech.

H.R. 1 changes for SNAP-Ed:

- Eliminates funding for SNAP-Ed after September 30, 2025
- In FY2024, this was ~\$7.5m

FFY26:

- The USDA's Food and Nutrition Service (FNS) has stated that Virginia may use program carryover funds (approximately \$6M, 100% NGF) to support SNAP-Ed for FFY 2026

Fiscal Impact to Virginia

Increase in Administrative Costs

- Currently, administrative costs (money to run the program) are split equally (50%/50%) between federal and state governments
- Beginning Oct. 1, 2026, states will be responsible for 75% of the share while the federal government covers 25%
- In 2024, Virginia's administrative costs were ~\$360m
- This results in an increase of ~\$90m to Virginia

FY24 Total SNAP Expenditures						FPR of 25% from 50%
	Federal	General	Local	Other	Total	Additional GF Needed
State Administration	\$ 4,635,878	\$ 4,334,724	\$ -	\$ 264,068	\$ 9,234,670	\$ 2,317,939
Indirect Costs (cost allocation)	\$ 23,114,131	\$ 23,006,551	\$ -	\$ 7,080	\$ 46,127,762	\$ 11,557,065
Local Administration	\$ 146,802,395	\$ 58,470,245	\$ 85,445,376	\$ 8,944,332	\$ 299,662,348	\$ 73,401,198
Total 50/50 Admin	\$ 174,552,404	\$ 85,811,520	\$ 85,445,376	\$ 9,215,481	\$ 355,024,781	\$ 87,276,202

Fiscal Impact to Virginia

New State Match Requirements for Benefit Costs

- Currently, benefit allotments (money to households) are 100% federally funded
- Beginning Oct. 1, 2027, states will be required to match 0-15% of these costs based on their Payment Error Rates (PER)
- In 2024, Virginia disbursed \$1.8b in benefit allotments
- Virginia's error rate for 2024 was 11.50%
- Assuming no changes, this results in an increase of ~\$270m to Virginia

Payment Error Rate (PER)	State Match (Share Based on PER)	Approx. Benefit Cost (Dollar Figure Based on PER)
< 6%	0%	\$0
6 – 7.99%	5%	\$90m
8 – 9.99%	10%	\$180m
≥ 10%	15%	\$270m

Fiscal Impact to Virginia

Potential Costs to Virginia - Total

Based on 2024 costs and Payment Error Rates, the potential annual cost to Virginia is ~\$360m more than 2024 baseline

Payment Error Rate (PER)	State Match (Share Based on PER)	Benefit Cost (Dollar Figure Based on PER)	Administrative Cost (Flat Increase)	Additional Cost (Benefit + Administrative)
< 6%	0%	\$0	\$90m	\$90m
6 – 7.99%	5%	\$90m	\$90m	\$180m
8 – 9.99%	10%	\$180m	\$90m	\$270m
≥ 10%	15%	\$270m	\$90m	\$360m

State Response Measures SNAP Payment Error Rate

As part of SNAP Quality Control, the Payment Error Rate (PER) measures how accurately state or local agencies determine household eligibility and benefit amounts.

The rate reflects overpayments and underpayments that exceed the error tolerance threshold (\$57 in FY2025; \$58 in FY2026).

In FY2024, error rates ranged from 3% to 25% across states.

Improper payments occur when:

- An ineligible household receives benefits
- An eligible household receives the wrong amount of benefits

Can be caused by department staff or households

Examples of errors from departments:

- Data or processing errors
- Missing a household update in calculations

Examples of errors from households:

- Inaccurate household composition
- Inaccurate income information

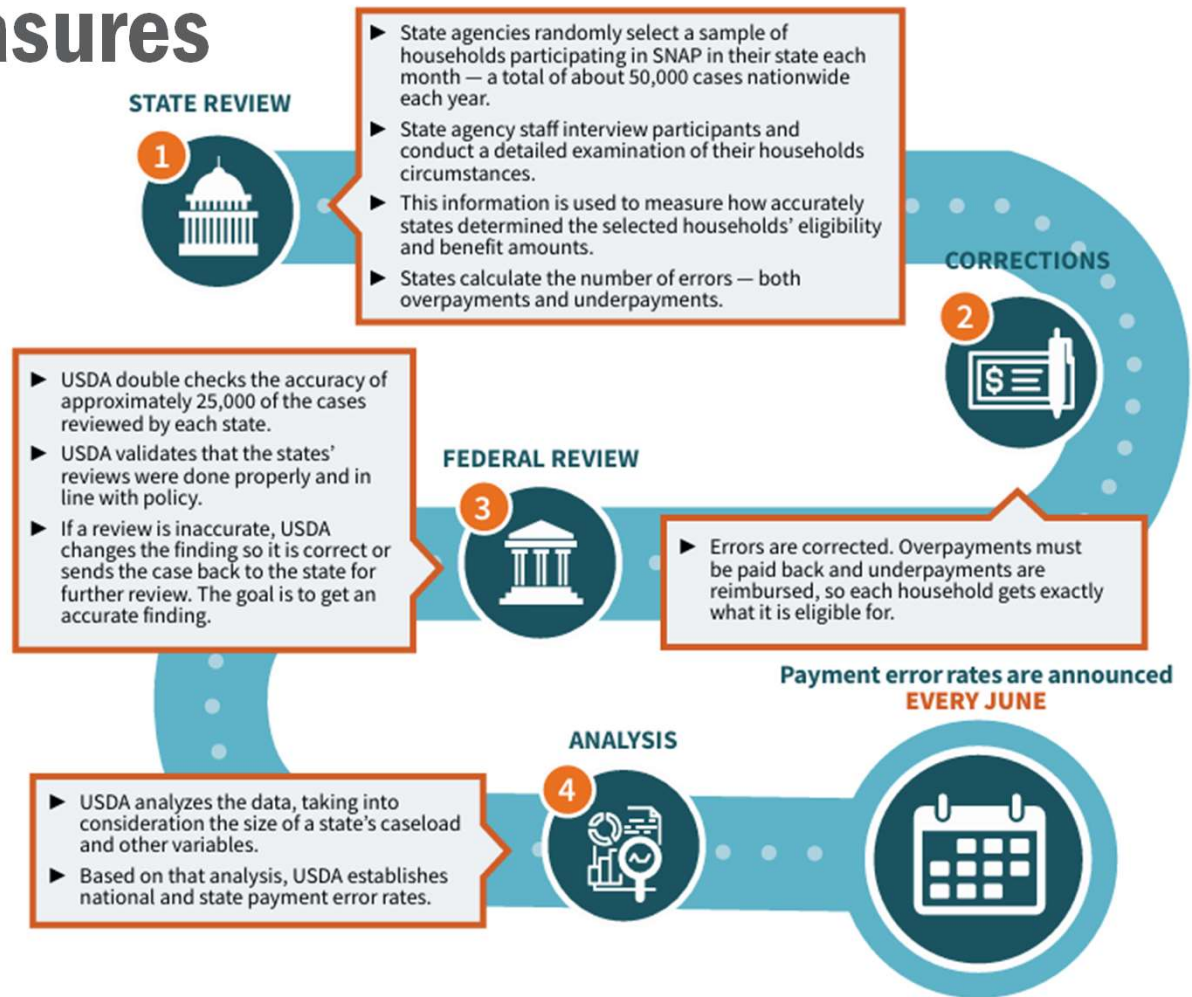
Does not measure fraud such as:

- Illegal sale of benefits
- Theft of benefits from recipients
- Retailer application fraud

State Response Measures

Quality Control

- First, VDSS Quality Control conducts reviews of 1,020 active SNAP cases and 680 negative cases (where participation was denied, suspended, or terminated) annually
- Then, USDA/FNS staff re-reviews 50% of Virginia's QC Reviews to confirm accuracy



State Response Measures

The Governor's Executive Directive 13 tasks VDSS to:

- Create incentives and penalties for LDSS to encourage best practices in error rate reduction
- Require core training for benefits staff to ensure competency
- Ensure staff verify applicant expenses and household details, not just accept self-attestation
- Explore public-private partnerships to help LDSS focus on reducing SNAP error rates
- Reform systems and enhance quality control, with contractors as needed
- Consider advanced technology and AI vendors to improve SNAP decision accuracy and automation

State Response Measures

Administration Support on Lowering the SNAP PER

In addition to ED-13, Governor Youngkin's administration is directing efforts to lower the SNAP PER below 6%, including:

- Approving carryover funds to hire a national vendor with SNAP expertise to help with quality assurance of benefits processing and conduct a root cause analysis
- Devoting the time and attention of senior leadership to support VDSS through progress meetings and investing in reduction strategies



“Thanks to the dedication of local DSS benefits specialists, supervisors, and state staff, we are focused and aligned like never before.”

- Governor Youngkin, speaking to 1,500+ local SNAP staff during a virtual pep rally on September 18, 2025

State Response Measures

Current VDSS & LDSS Initiatives to Reduce the SNAP PER



Expand opportunities for collaboration, shared learning, and feedback

- Big 20 Engagement Meetings
- SNAP Forward calls
- Learning from other states



Align and enhance policies to strengthen program integrity and support consistent practice

- SNAP & QC policy alignment
- Alignment with H.R.1, ED-13
- Identify opportunities to lower risk of error



Enhance technology and processes to support efficient operations

- VaCMS system updates
- Explore new technology
- Refine business processes to enhance operations



Build staff knowledge and confidence through high-value learning

- SNAP foundational training
- Ongoing training opportunities and enhancements



Ensure customers experience seamless access to SNAP benefits

- Timely updates to customers
- Timely and accurate delivery of benefits
- Strengthen community resilience

Data-Informed Continuous Improvement Efforts

State Response Measures

Current VDSS Initiatives to Reduce the SNAP PER

Focused Oversight & Local Support

- Focus on high-caseload departments by conducting targeted reviews and providing technical assistance and training through specialized consultants

Policy Clarity & Training Enhancements

- Revise guidance for clarity and introduce tip sheets and micro-trainings to reduce errors and improve eligibility accuracy
- Roll out new required training for staff who determine or supervise SNAP benefits

Data-Driven Quality Control & Technology Upgrades

- Implement dashboards, automation tools, and expanded quality control reviews to track errors, support corrective actions, and identify system improvements

National Expertise

- Consult with vendor (KPMG) to develop recommendations for improvement based on proactive case reviews and assessment of program structure, policies, and systems

State Response Measures

***Potential* VDSS Initiatives to Reduce the SNAP PER**

Given additional resources, VDSS could pursue the following initiatives:

- Deploy technology for instant policy guidance to benefits staff at the point of need
- Expand AI in VaCMS and other systems to reduce human error and improve staff efficiency
- Increase VDSS and local department capacity through public/private partnerships and ongoing vendor support, freeing staff to focus on error reduction
- Create and fund incentives for local departments to sustain best practices in error rate reduction



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