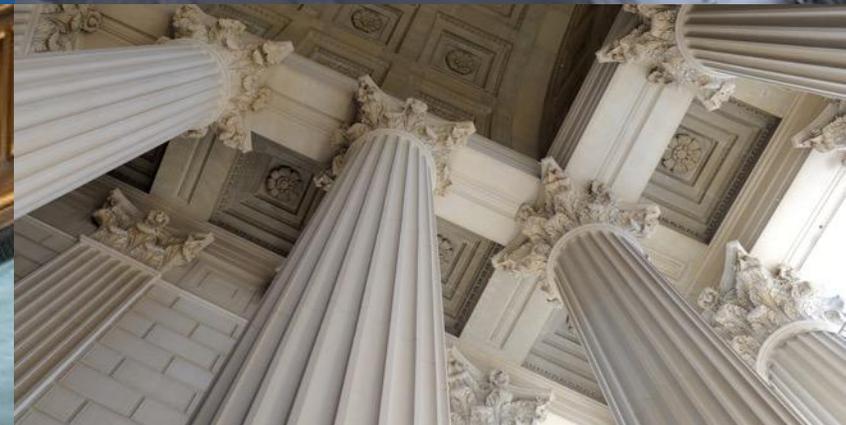




SNAP Under Pressure: Litigation, Payment Errors and Federal Policy Updates

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Agenda:

- SNAP changes in OBBBA
- Debriefing shutdown impacts on SNAP
- Discussion



WHIPLASH



SNAP Changes in H.R. 1

- **Expanded work requirements** / *Effective July 4, 2025*
 - Age limit increase
 - Removes exemptions for certain categories
 - Narrows waiver criteria
- **New eligibility restrictions for legally present immigrants** / *Effective July 4, 2025*
- **Administrative cost share increase from 50% to 75%** / *Effective FY27*
- **New benefits cost share based on state payment error rates** / *Effective FY28*
 - Payment error rate captures over & under-payments
 - PER determines cost share
 - <6% = No cost share
 - 6-8% = 5% cost share
 - 8-10% = 10% cost share
 - >10% = 15% cost share
 - PER data for first year based on FY25 or FY26
 - In FY29, & each year thereafter, states must use PER from 3 years prior
 - For FY25, if a state's PER, multiplied by 1.5% is above 20%, cost share delayed until FY29
 - For FY26, if a state's PER, multiplied by 1.5% is above 20%, cost share delayed until FY30
 - If cost share was based on most recent PER data, 42 states would face a cost share

Considerations for Implementation of H.R. 1

- Any provision that did not have an effective date, including work requirements, non-citizen eligibility, and others, went into effect immediately upon enactment (July 4, 2025).
- However, regulations allow USDA/FNS to hold harmless any errors that occur 120 days after implementing “a new Program regulation or implementing memorandum of a mandatory or optional change in Federal law that occurs during the first 120 days from the required implementation date.”
- FNS has established that November 1, 2025 is the end of the hold harmless period.
- Guidance from FNS on items that required immediate implementation:
 - Work Requirement Changes: October 2, 2025
 - Non-citizen eligibility: October 30, 2025
- Awaiting guidance on administrative and benefit funding changes.

A word about Payment Error Rates

Perform root cause
analysis

Address any systems
errors or issues

Invest in high quality
training for staff, and
clear education and
resources for clients

Focus on retention
activities and hiring

Technology

Increase coordination
and
communication across
SNAP policy and quality
control teams

SNAP Error Rates

Wages and salaries, shelter expenses, and household composition are the top three causes of high payment error rates in SNAP.



WYOMING

- Front end eligibility tool before certification
- Positive relationships between program managers & field staff



MISSOURI

- “Quick wins”
- SNAP "Road Show"
- Remind staff on what cases qualify for waived interviews
- Remind participants at mid-year that certification forms need to be returned



WISCONSIN

- County administered.
- Robust infrastructure with county agencies, grouped into 11 consortia with structured funding & performance monitoring



MASSACHUSETTS

- Pending legislation would provide \$10 million supplemental appropriation for SNAP IT & infrastructure improvements

What happened to SNAP during the shutdown?

- **Oct 24** | USDA announced it would not provide states with any funding for November
- **Oct 28** | USDA releases document it will not use contingency funds to pay partial benefits
- **Nov 1** | Both judges-- USDA must tap contingency fund for full or partial benefits & has discretion to tap other funds
- **Nov. 3** | USDA advised the RI court that it will only release contingency for partial payment—and not other funds
- **Nov 4** | USDA releases guidance to states to issue partial (50%) SNAP benefits
- **Nov 5** | USDA releases guidance to states to issue partial (65%) SNAP benefits
- **Nov 6** | Judge in RI case rules USDA must fund full SNAP benefits
- **Nov 7** | Administration appeals ruling to issue full SNAP benefits – after many states began issuing full benefits
- **Nov 8** | USDA tells states to “undo” work to provide full SNAP benefits
- **Nov 9** | Court denies administration request to halt order requiring provision of full SNAP benefits
- **Nov 10** | Court temporarily blocks USDA from carrying out directive to states to “undo” full benefits
- **Nov 10** | Senate passes C.R. and minibus

What happened to SNAP during the shutdown?

- First time in history that SNAP benefits have been halted and that states were directed to issue partial benefits
 - Some states elected to issue partial benefits by making changes to their systems. Others tried to do so through manual workarounds.
 - Some issued 50% benefits, then 65% the next day, followed by later having to issue full benefits.
 - Questions remain about the implications of doing so, not only for error rates, but for potential overpayments to households, recoupment needs, etc.
- Substantial level of confusion for states trying to implement changing federal directives and court orders: states looked to their peers, precedent from other shutdowns, etc. States had to weigh the agility of their systems, relationships with vendors, appetite for risk, and more.
- Some states chose to provide SNAP households assistance with state dollars, without guarantee of reimbursement from the federal government after the shutdown
- SNAP recipients and states leaned on food banks to address hunger, but unable to make up for SNAP benefits
 - Food banks under financial strain already after federal funding cuts earlier this year
- States are bracing for inflated error rates in October and November.

FNS Guidance – 11-13-25

Key Takeaways from the guidance:

- States should put out full November benefits as soon as possible.
- States will not be held responsible for certification or recertification timelines in November.
- More guidance to come on QC sample and case review for PER for November
- States who paused any claims or recoupment process during the shutdown should resume them now.
- November will not be a countable month for work requirements.
- States should fully resume E&T as soon as possible.
- States are encouraged to make any system changes need to prepare to more quickly issue partial allotments in the future if needed.
- FNS will not pursue any penalties to state agencies due to extraordinary circumstances.

Recent H.R. 1 and Shutdown Developments

- Rhode Island District Court judge ruled that ABAWD Waivers retracted by USDA were done so improperly. The government did not seek a stay pending appeal on this part of the ruling. No updated guidance from FNS to states whose waivers were repealed yet.
- FNS Guidance on 11-13-25 indicated that November would not be a countable month for work requirements.
- Confusion remains on SNAP non-citizen eligibility guidance.
- Secretary Rollins has indicated her intention to have all SNAP applicants reapply for SNAP.

Questions



- Will payment errors during the shutdown count toward lookback period for the benefits cost share that begins on Oct. 1, 2027?
- Could USDA waive the quality control sample or provide a hold harmless period for OBBBA implementation?
- Will states be reimbursed by the federal government for benefits paid with state dollars during the shutdown?
- What lessons have states learned from the shutdown?
 - Contingency fund solvency
 - Agility of systems
 - EBT processor frustrations



Reach out anytime!

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