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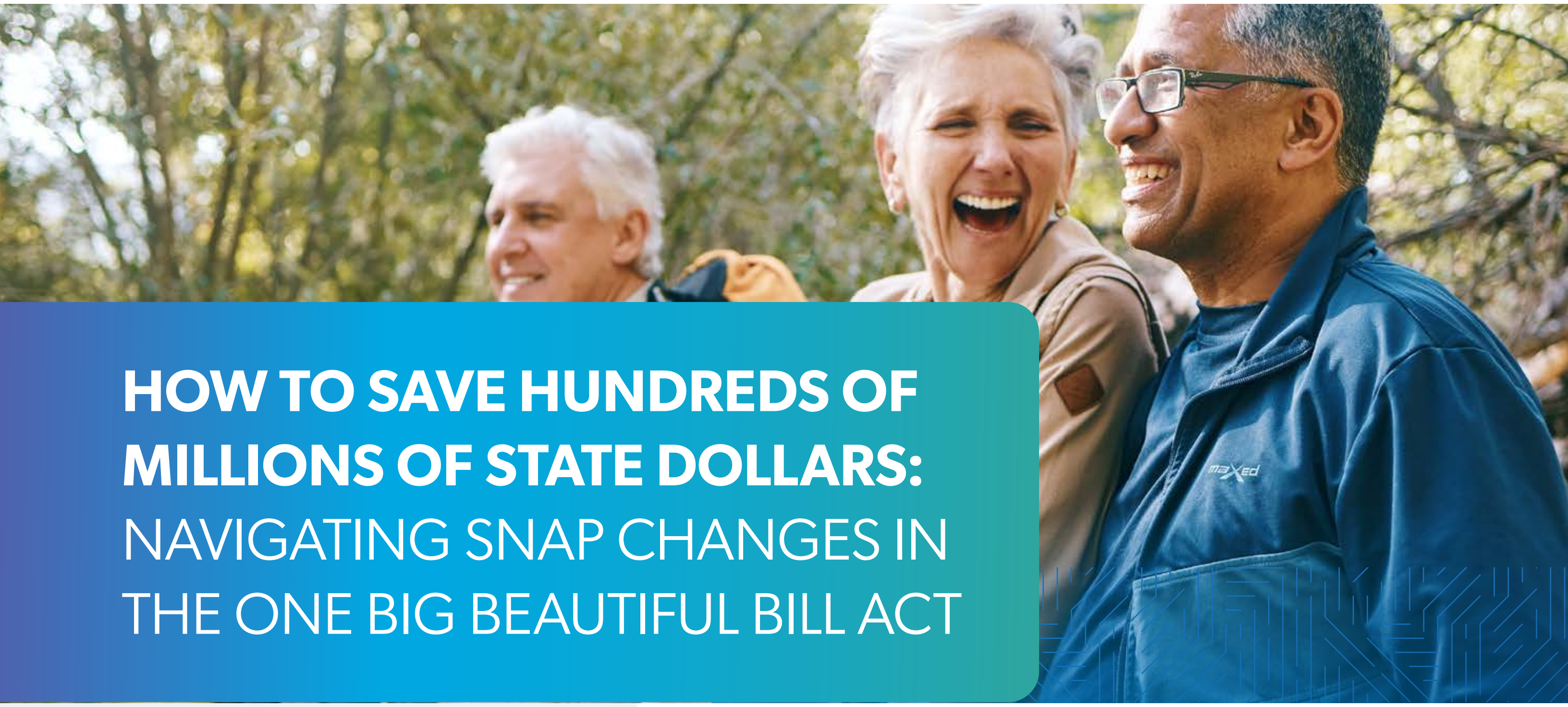

HOW TO SAVE HUNDREDS OF MILLIONS OF STATE DOLLARS: NAVIGATING SNAP CHANGES IN THE ONE BIG BEAUTIFUL BILL ACT

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The One Big Beautiful Bill Act (BBB Act), signed into law July 4, 2025, includes major changes to how states and the federal government share the cost of funding the Supplemental Nutrition Assistance Program (SNAP), with states bearing a substantially higher portion than they have in the past. The share of SNAP costs that states must cover will vary significantly based on their payment error rate (PER), which tracks the percentage of cases where a state issues benefits that don't align with federal benefit guidelines, either overpaying or underpaying recipients.

STATES NOW HAVE A SMALL WINDOW OF TIME TO MAKE IMPACTFUL INVESTMENTS THAT WILL SAVE HUNDREDS OF MILLIONS OF DOLLARS IN INCREASED STATE SNAP COSTS.

HOW NEW SNAP BENEFIT COST SHARING WILL WORK

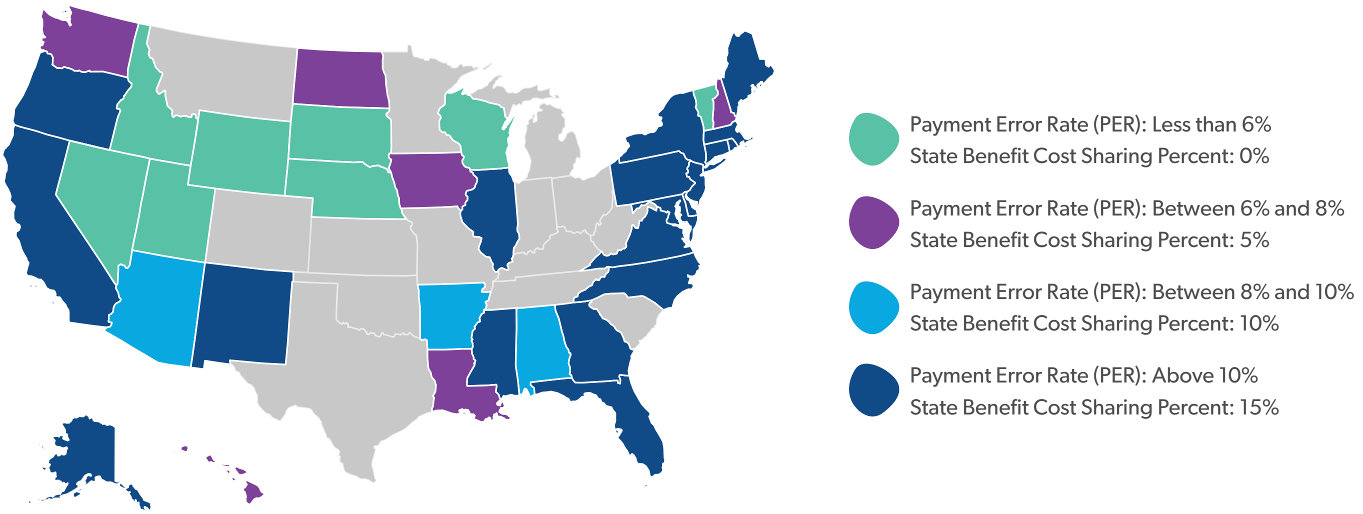
SNAP benefits paid to recipients were previously fully federally funded. The new provisions require states with a PER greater than 6% to pay a portion of SNAP benefit costs. In federal fiscal year (FFY) 2024, only eight states had a PER below 6%.

States can choose to initially use their PER from either FFY2025 or FFY2026 as the basis for cost-sharing calculations, which first take effect in FFY2028. After that, states must use the PER from three years prior to the current year. For example, in 2029, states would use their 2026 PER.

These new cost-sharing provisions begin in FFY2028 for most states. However, states with a 2025 or 2026 PER above 13.33% will have implementation delayed until FFY2029 or FFY2030, respectively.

PERs are released annually on June 1 for the previous federal fiscal year. For instance, PERs for FFY2025 will be published on June 1, 2026.

Based on 2024 PERs, the following benefit cost sharing percentages and implementation timeframes would apply:



Payment Error Rate (PER)	State	State 2024 PER (%)	Federal Fiscal Year PER-based cost share will take effect (estimated, based on 2024 PER)
Less than 6%	Idaho	3.53	2028
	Nebraska	5.5	2028
	Nevada	5.94	2028
	South Dakota	3.28	2028
	Utah	5.74	2028
	Vermont	5.13	2028
	Wisconsin	4.47	2028
	Wyoming	5.12	2028
Between 6% and 8%	Hawaii	6.68	2028
	Iowa	6.14	2028
	Louisiana	6.62	2028
	New Hampshire	7.57	2028
	North Dakota	7.91	2028
	Washington	6.06	2028
Between 8% and 10%	Alabama	8.32	2028
	Arizona	8.84	2028
	Arkansas	9.56	2028

Payment Error Rate (PER)	State	State 2024 PER (%)	Federal Fiscal Year PER-based cost share will take effect (estimated, based on 2024 PER)
Above 10%	Alaska	24.66	2030
	California	10.98	2028
	Connecticut	10.25	2028
	Delaware	12.37	2028
	DC	17.38	2030
	Florida	15.13	2030
	Georgia	15.65	2030
	Illinois	11.56	2028
	Maine	10.26	2028
	Maryland	13.64	2030
	Massachusetts	14.1	2030
	Mississippi	10.69	2028
	New Jersey	14.33	2030
	New Mexico	14.61	2030
	New York	14.09	2030
	North Carolina	10.21	2028
	Oregon	14.06	2030
	Pennsylvania	10.76	2028
	Rhode Island	12.29	2028
	Virginia	11.5	2028

Changing administrative cost sharing

PER-based benefit cost sharing is combined with a change in administrative cost sharing. The federal government currently pays 50% of administrative costs; starting in FFY2027, this will decrease to 25%.

The impacts of state cost sharing

These changes to funding present high stakes for state governments.

- Washington state's 2024 PER is 6.06%. If that PER and current benefit spending hold, the 0.06% overage could cost Washington an estimated $91 million, increasing the state's costs for SNAP by approximately 71% for FFY2028.
- North Carolina, with a 2024 PER of 10.21%, would face a 15% benefits cost sharing expense of nearly $485 million, an increase of more than 350% over current state SNAP spending. Contrast this with Arkansas, with a 2024 PER of 9.56%. Despite the less than 1% difference in PERs, Arkansas would face a 10% benefits cost sharing expense, estimated at $82 million, an increase of 189% over current spending.
- Delaware's 2024 PER is 12.37%. If the same is true for FFY2025 (which ends in October of this year), the state's slightly-better-than the 13.33% threshold for delayed implementation would cost Delaware hundreds of millions of dollars in benefits cost sharing for 2028 through 2030, which it would not be subject to if their 2025 PER were a small amount higher. Now through October 2025, Delaware and similarly situated states have the incentive to worsen their PERs for 2025 and 2026.

THE IMPERATIVE FOR STATES

The top priority for most states must be reducing the state's PER below 6% by the end of FFY2026. The earlier the better, **as investments states make to improve administrative processes between now and October 2026 will still qualify for 50% federal administrative cost sharing**.

Immediate and significant state investment is sorely needed in this space. State PERs tend to vary year over year, but don't exhibit consistent improvement, despite mandatory Corrective Action Plans (CAPS).

THE TOP PRIORITY FOR MOST STATES MUST BE REDUCING THE STATE'S PER BELOW 6% BY THE END OF FFY2026.

RESULTANT SUGGESTS THE FOLLOWING INVESTMENTS TO REALIZE HUNDREDS OF MILLIONS OF DOLLARS IN SAVINGS OVER THE NEXT FEW YEARS:

- **Outside assistance and detailed investigations of errors drive better root cause analysis.**

Most states lack timely, detailed data to support robust root cause analysis of payment errors. As a result, corrective action plans often address what went wrong, rather than **why**.

Historically, states have relied on existing policy staff and specialists to analyze error patterns. While these individuals bring deep knowledge of policy implementation, they often lack the time, resources, and data analysis expertise needed to uncover consistent trends, especially within large or complex datasets.

Investing in outside support and improved data systems can help states move beyond surface-level assessments. The Food and Nutrition Service (FNS) has noted that "Frequently, the 'root causes' named in CAPs were descriptions of what happened to result in an error (e.g., information withheld by client). Given these 'root causes,' there are many possible explanations of why the error occurred."[i]

A single issue, such as withheld information, might result from confusing agency communication, language access barriers, or intentional omission. In many cases, multiple contributing factors are at play, requiring deeper investigation and more sophisticated analysis.

WITHOUT CLEARER INSIGHTS INTO WHY ERRORS OCCUR, STATES CAN'T EFFECTIVELY REDUCE THEIR PAYMENT ERROR RATES.

- **Bypass existing IT or data systems for high-impact error correction.**

FNS regional offices have stated bluntly that, "A lot of [persistent errors] is that States don't have control over system fixes. … They have iron-clad contracts with their eligibility systems vendors that [don't] enable them to make changes or improvements."[ii]

Over the last decade, most states have implemented integrated eligibility systems that include multiple programs, including Medicaid, SNAP, and TANF. It often takes contractors months or years to implement changes to these systems, a reality that will only get exponentially worse as major changes to eligibility rules in the BBB Act have the potential overwhelm the few contractors who operate these systems for states around the country. The major changes are likely to drown out calls for smaller changes, even though those smaller changes will heavily impact PERs.

Where previously states may have tolerated slowness from eligibility system contractors, the stakes are now simply too high. States need to think outside the box, overlaying quick fixes on top of legacy system problems to solve high impact root causes. This may mean using robotic processing applications, or cloud-based solutions linked to the legacy eligibility system that allow for better user interfaces, additional prompts for eligibility workers, and additional notifications with better delivery processes and more clear language.

WITH HUNDREDS OF MILLIONS OF DOLLARS AT STAKE, STATES NEED TO REGAIN CONTROL OF THEIR SNAP PROCESSES.

i) Beckerman-Hsu, J., Steigelman, C., Calvin, K., Nelson, L., McCall, J., & Thorn, B. (2023). *Promising approaches and challenges for SNAP State agencies in implementing corrective action plans: Final report*. Insight Policy Research. U.S. Department of Agriculture, Food and Nutrition Service, page 36.

ii) Ibid., page 38.

CONCLUSION

With limited time for states to act, Resultant's SNAP policy specialists, data analytics specialists, and application developers are creating proof-of-concept solutions to quickly bypass what we know to be some of the largest root causes of errors in current systems. We would love to discuss specific opportunities with individual states. Please do not hesitate to reach out for further information and discussion.

ABOUT RESULTANT

We know solutions are more valuable, transformative, and meaningful when reached together. That's why we build teams comprised of experts in your field who understand the challenges and landscapes you navigate in addition to technology experts. Through outcomes built on solutions rooted in data analytics, technology, and digital transformations, Resultant serves as a true partner by solving problems with our clients, rather than for them.