

# Understanding the Impact of New Supplemental Nutrition Assistance Program (SNAP) Administration Changes Under House Resolution 1 (H.R. 1)

## Are your state SNAP programs financially prepared for the significant cost shifts ahead?

The enactment of H.R. 1, colloquially known as the “One Big Beautiful Bill Act,” has introduced sweeping changes to how SNAP is administered across the nation.<sup>1</sup> At first glance, these shifts promise a renewed emphasis on program integrity and efficiency. However, for states, they may pose significant fiscal and operational challenges.

This thought leadership article will break down critical transformations, their implications for state agencies, and actionable strategies to mitigate fiscal strain while maintaining compliance.

## Key Challenges Stemming from H.R. 1

State SNAP agencies are now tasked with navigating a dual cost increase stemming from **administrative costs** (Section 10106)<sup>2</sup> and **benefit cost matching shifts** (Section 10105)<sup>2</sup>. Here’s what states need to be prepared for:



### 1. Reduced Federal Match for Administrative Costs

Beginning FY 2027, the federal government will reduce its share of administrative costs from 50% to just 25%.<sup>3</sup> This means states will need to finance the remaining 75%, doubling their financial responsibility in a span of two years.



### 2. Benefit Cost Sharing Based on Payment Error Rates (PER)

By FY 2028, states’ share of SNAP benefit costs will be determined based on their payment error rates:

0%

States with error rates **under 6%** will assume **no additional cost**.<sup>3</sup>

5%

Error rates **between 6%-8%** incur a **5% state cost share**.<sup>3</sup>

10%

Error rates **between 8%-10%** will result in a **10% share**.<sup>3</sup>

15%

States **exceeding 10%** face a steep **15% cost share**.<sup>3</sup>

While these measures aim to promote program integrity and address improper payments, they could strain already limited state budgets, particularly for states with historically higher error rates.

## Navigating the Fiscal Implications

The implications of these policies call for proactive fiscal and program management strategies. Here are three critical steps states can take to prepare for these changes.



### 1. Invest in Advanced Technology to Reduce Payment Error Rates

Error rates don't just impact your compliance metrics; under H.R. 1, they now directly affect your state's financial obligations. States with error rates exceeding 6% risk significant cost burdens.

To effectively reduce errors:

- **Adopt automated eligibility systems** that verify qualifications in real-time. Leveraging technology such as identity verification and fraud analytics can help minimize human error.
- Implement **SNAP quality control improvements**, such as advanced data-matching tools that ensure eligibility data aligns with multiple state and national databases.
- Partner with federal data systems to prepare for new reporting requirements based on FY 2025/2026 metrics.



### 2. Streamline Administrative Efficiency

With the federal administrative match dropping to 25%, states must find innovative ways to reduce overhead costs while maintaining service levels.

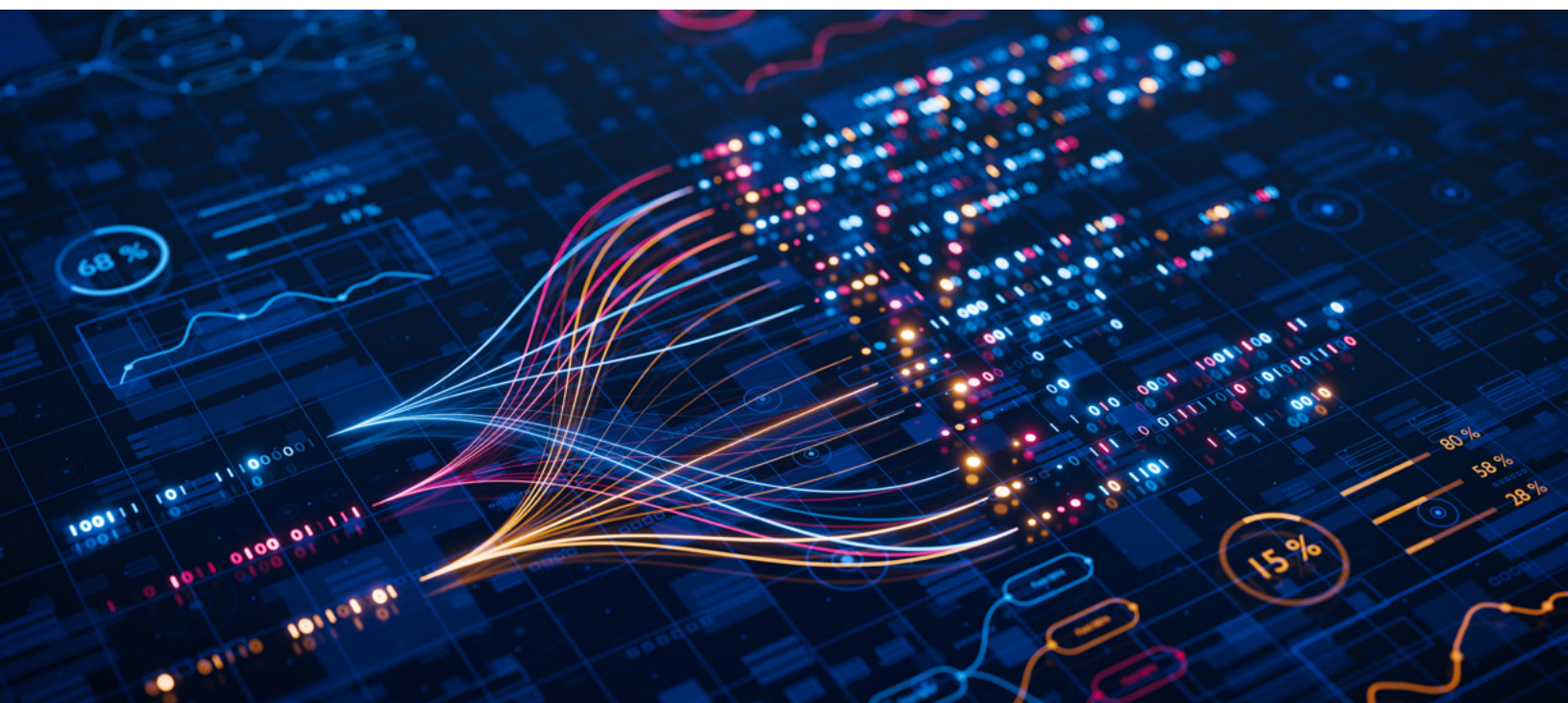
- **Expand self-service portals** to enable households to apply, renew, or update eligibility data independently, thereby reducing the workload on caseworkers.
- Implement **AI tools for case prioritization**, focusing staff efforts on complex cases where manual oversight is most needed.
- Shift resources towards fraud prevention systems, which can yield long-term savings by curbing improper payments.



### 3. Leverage Federal Timelines to Optimize Resource Allocation

H.R. 1 provides specific timelines for implementation, offering states a crucial planning window. Use these effectively:

- States may use FY 2025 or 2026 error rates for benefit cost determination in FY 2028, giving you time to improve performance.
- Explore funding opportunities for automation or staffing investments. While H.R. 1 introduces cost shifts, initial compliance grants or broader United States Department of Agriculture (USDA) funding could help offset early investments in technology and training.





## Broader Implications for Program Integrity and State Operations

While the focus of H.R. 1 is on fiscal discipline, program administrators should also recognize the operational impacts beyond budgeting.



### 1. Stronger Incentives for Accuracy and Transparency

By tying state contributions to error rates, H.R. 1 incentivizes a proactive approach to data accuracy and eligibility verification. However, the legislation expects states to provide quarterly updates, meaning that your agency will require robust reporting systems and skilled personnel to ensure compliance.



### 2. Impact on Households

Limits such as the cap on large household SNAP benefits may require new internal communications strategies to ensure households understand their adjusted allotments. Unclear communication could lead to increased inquiries or disputes requiring manual intervention.



### 3. Equity in Benefit Access

H.R. 1 initiatives like stricter work requirements and reduced Standard Utility Allowance (SUA) allowances may create challenges in providing equitable access to benefits. States must evaluate whether their operational investments are reducing access barriers for households that qualify.

## Final Thoughts

H.R. 1's administrative changes represent a pivotal moment for SNAP. The changes reflect a shift in priorities, emphasizing tighter fiscal controls, data accuracy, and program integrity. Yet for states, these policies also place a significant fiscal onus on agencies, requiring rapid adaptation to avoid budgetary shortfalls.

If you are a SNAP administrator, the time to act is now. Preparation is key to navigating these upcoming shifts. Introducing cost-efficient technology, improving error rates, and realigning resources are essential first steps to ensuring compliance without overburdening state budgets.



Contact us today for more information.  
Tel: 1-888-216-3544



1 <https://www.congress.gov/bill/119th-congress/house-bill/1>  
2 <https://www.congress.gov/bill/119th-congress/house-bill/1/summary/55>  
3 <https://www.ucowf.net/assets/pdf/UCOWF+HR1+OBBS+Summary/>