

SUBJECT: Supplemental Nutrition Assistance Program Fiscal
Year 2015 Quality Control Error Rate

ISSUE:

The Department of Agriculture (USDA) is required by law to release the fiscal year (FY) 2015 Supplemental Nutrition Assistance Program (SNAP) Quality Control (QC) error rate in June 2016.

USDA's Office of Inspector General (OIG) released a report on September 23, 2015, concluding that vulnerabilities exist in the SNAP QC process. Based on the Food and Nutrition Service's (FNS) own analysis of vulnerabilities, which began prior to the issuance of the OIG report, FNS expects to assign FY 2015 error rates to a number of States engaged in biased practices. According to SNAP regulations, States that are assigned error rates must be notified in advance. States assigned an error rate are ineligible to receive a performance bonus. At this time, FNS is withholding payment error performance bonuses awarded for FY14 error rates pending conclusion of our reviews and subsequent decisions.

Variables that will affect the national error rate include which States get assigned error rates and how the error rates are assigned. However, the FY 2015 error rate is expected to increase. The FY 2014 national error rate was 3.66 percent. According to our very preliminary estimates, the FY 2015 national error rate could be between 4.0 and 7.0 percent (an increase of .34 to 3.34 percentage points).

DISCUSSION:

Background

In SNAP QC, bias means actions or processes that skew the results of the review by making it less objective or unrepresentative of the true circumstances of the caseload. Examples of biased practices include treating error cases differently from non-error cases by subjecting them to additional scrutiny after these cases are drawn as part of a required random sample or applying different rules meant to result in a lesser error.

Actions Taken

Between April and December 2015, FNS conducted on site quality control integrity reviews in eight States based on a risk analysis of State reported data. The States were Connecticut, Florida, Missouri, New Jersey, Texas, Vermont, Virginia, and Washington. FNS found bias procedures in all eight States including mitigation of errors of the random cases before reporting results to FNS, sometimes through improper use of error review committees; lack of regulatory required documentation in State QC case files; and use of other bias inducing practices advocated by third party contractors.

As a result of findings from the initial eight States, FNS selected an additional 25 States for review in FY 2016 based on risk factors determined by FNS staff. These reviews began March 14, 2016 and are expected to be completed by May 27, 2016.

These 25 States (including three counties within one State) are Pennsylvania; Georgia; South Carolina; California (Sacramento); Alaska; Iowa; Alabama; Maryland; Montana; Colorado; Indiana; Maine; Idaho; Delaware; Kansas; Rhode Island; California (Los Angeles); South Dakota; Wisconsin; Mississippi; Nebraska; Louisiana; California (Santa Clara); Michigan; Tennessee; Utah; and Oklahoma. To date, a total of 21 States have been visited. Only one State (Idaho) was found to be operating without bias. (Attachment 1 and 2)

As noted in testimony on March 17, 2016, before the House Agriculture Committee, FNS has already implemented measures to effectively address issues raised by OIG, including:

- On September 23, 2015, FNS issued a letter to all States reiterating prohibitions against introducing bias and that States are responsible for preventing bias. (Attachment 3)
- On January 20, 2016, FNS issued policy to States that directly addresses the types of bias found to date and reminds States of regulations, requirements, and previously issued guidance regarding proper administration of the SNAP QC system. (Attachment 4)
- The January 20, 2016, guidance also instituted new requirements for States to notify FNS 30 days prior to signing a contract with a third party consultant to ensure the activities adhere to Federal regulatory and policy requirements.

Additionally, FNS is:

- Revising its Handbook 310 which provides procedures for QC reviews of SNAP cases. The revised handbook will be issued prior to the end of FY 2016;
- Developing a new formal training program for Federal quality control staff to ensure adequacy of the Federal review. The curriculum will be complete by the end of FY 2016 with implementation in FY 2017;
- Developing a new corrective action process for the internal quality assurance process, originally established in 2009, that monitors the effectiveness of the Federal re-review. This is planned for implementation in the summer of 2016; and
- Providing Federal QC reviewers with access to additional data sources to improve income verification and assess State reported case disposition. This activity is ongoing. Access has been provided to one database and we are exploring access to others.

FNS is preparing a required report to Congress that identifies activities to date in response to the OIG audit report. In addition, the General Accountability Office (GAO) is currently engaged in a review of the SNAP error rate calculation at the request of House Agriculture Committee Chairman Aderholt.

SUMMARY:

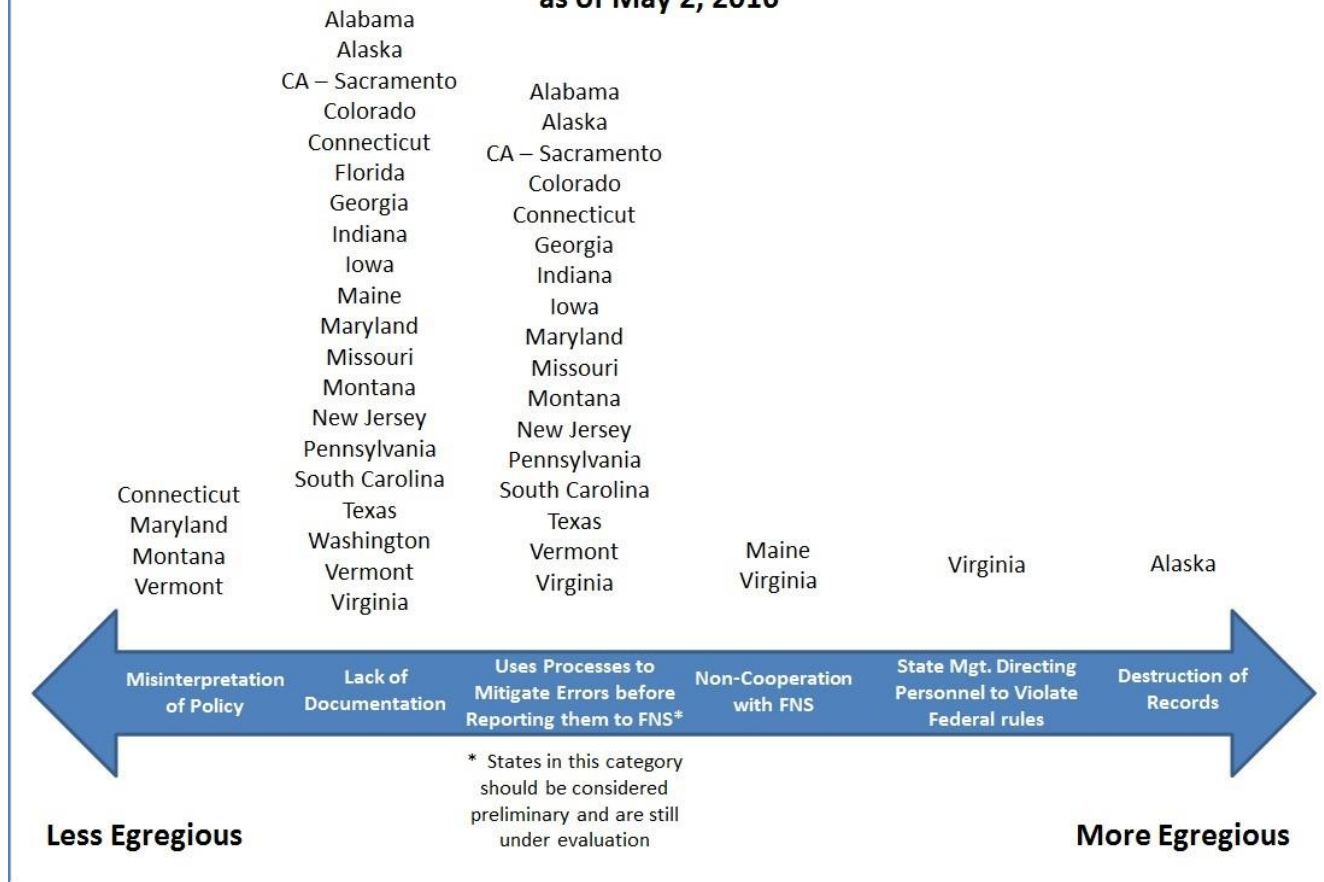
Based on the OIG audit and findings from FNS review of State QC processes, unacceptable bias is present in the SNAP QC error rate process. Some States will receive an assigned error rate to correct for bias, and as a result, the FY 2015 error rate is expected to increase.

At the end of May, SNAP staff will meet with FNCS leadership to go over the findings of the reviews and discuss options for how the Agency will determine FY 2015 error rates. Once the methodology for assigning error rates has been determined, FNS will calculate the State and national error rates. The error rate must be announced by June 30, 2016 per statute.

In the coming weeks, FNS will work with the Office of Communications and Office of Congressional Relations on a communications strategy for releasing the FY15 error rates.

Attachments

**Range of SNAP QC Integrity Review Findings of State QC Operations
as of May 2, 2016**



**Attachment 2
SNAP QC Review Findings by Order of Occurrence as of May 2, 2016**

State	Misinterpretation of Policy	Lack of Documentation	Uses Processes to Mitigate Errors before Reporting them to FNS	Non-Cooperation with FNS	State Management Directing Personnel to Violate Federal Rules	Destruction of Records
Connecticut	X	X	X			
Florida		X				
Missouri		X	X			
New Jersey		X	X			
Texas		X	X			
Vermont	X	X	X			
Virginia		X	X	X	X	

Washington		X				
Pennsylvania		X	X			
Georgia		X	X			
South Carolina		X	X			
California (Sacramento)		X	X			
Alaska		X	X			X
Iowa		X	X			
Alabama		X	X			
Maryland	X	X	X			
Montana	X	X	X		X	
Colorado		X	X			
Indiana		X	X			
Maine		X		X		
Idaho				X		
Delaware	Reviews not complete and/or findings still under evaluations					
Kansas						
Rhode Island						
California (Los Angeles)						
South Dakota						
Wisconsin						
Mississippi						
Nebraska						
Louisiana						
California (Santa Clara)						
Michigan						
Tennessee						
Utah						
Oklahoma						