



# SNAP

## BUDGET DEEP-DIVE REPORT

SOCIAL SERVICES APPROPRIATIONS SUBCOMMITTEE  
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ISSUE BRIEF

### SUMMARY/INTRODUCTION

The Supplemental Nutrition Assistance Program (SNAP; also known as Food Stamps) is a federal program providing benefits to low-income individuals and families that they can use to purchase food and improve their diets. At the federal level, the program is administered by the Food and Nutrition Service (FNS) within the United States Department of Agriculture. FNS works with state and certain county governments and certain U.S. territories to provide the program throughout the nation.

In the most recent completed Federal fiscal year ended September 30, 2016 (FY 2016), the federal government spent \$70.8 billion on SNAP. For perspective, the State of Utah spent \$305.3 million on SNAP in its FY 2016, which ended June 30, 2016. SNAP caseloads, at the national level and in Utah have declined in recent years as the economy has improved.

### LEGISLATIVE ACTION

1. The fiscal analyst recommends that Workforce Services and Utah State University (USU) prepare and present an annual report to the Subcommittee on the execution of the Nutrition Education Contract. The report shall include an accounting of the funding provided, number of individuals served, when and where the training is provided, and the composition of the training.

**Agency Response:** “The Department of Workforce has no issues with this recommendation and will implement if this committee desires.”

2. The fiscal analyst recommends that Workforce Services prepare and present an annual report to the Subcommittee providing details on the number of SNAP recipients in the State on a county by county basis. The county by county detail should also include the total dollar amount number and the number of recipient individuals and families.

**Agency Response:** “The Department of Workforce has no issues with this recommendation and will implement if this committee desires.”

### **Questions and Answers Concerning the SNAP Program**

The Social Services Appropriations Subcommittee had questions regarding SNAP. The Utah Department of Workforce Services (DWS), which implements the program for Utah, has provided responses. The questions and responses follow.

**Question: How much does a SNAP recipient receive?**

Benefit allotments are determined based on information provided by Food and Nutrition Service (FNS) for the beginning of each federal fiscal year. As of October 1, 2016, the benefit maximum monthly allotments are below. As income increases, the benefit amount received decreases. Note: When calculating a household size larger than 20, add \$146 to the allotment per person.

Household Size	Maximum Monthly Allotment
1	\$194
2	\$357
3	\$511
4	\$649
5	\$771
6	\$925
7	\$1,022
8	\$1,169
9	\$1,315
10	\$1,461
11	\$1,607
12	\$1,753
13	\$1,899
14	\$2,045
15	\$2,191
16	\$2,337
17	\$2,483
18	\$2,629
19	\$2,775
20	\$2,921

**Question: What can recipients purchase with the money?**

Federal regulations (7 CFR §271.2) define eligible foods.

The FNS website located at <https://www.fns.usda.gov/snap/eligible-food-items> breaks this down for applicants and recipients:

Households CAN use SNAP benefits to buy:

- Foods for the household to eat, such as:
  - Breads and cereals
  - Fruits and vegetables
  - Meats, fish, and poultry
  - Dairy Products
- Seeds and plants which produce food for the household to eat

Households CANNOT use SNAP benefits to buy:

- Beer, wine, liquor, cigarettes, or tobacco
- Any nonfood items, such as:
  - Pet foods
  - Soaps, paper products
  - Household supplies
- Vitamins and medicines

- Food that will be eaten in the store
- Hot foods

**Question: How does the money change over time?**

Federal regulations (7 CFR §273.27(a)(2)) state there are “automatic annual changes in the SNAP benefit rules, such as the annual cost of living adjustment, the standard deduction adjustment, and the adjustment to the cap on the excess shelter deduction.”

Federal regulations (7 CFR §273.2(4)(i)) state the “Maximum SNAP allotments shall be based on FNS’s Thrifty Food Plan (TFP) as defined in §271.2, and they shall be uniform by household size throughout the 48 contiguous States and the District of Columbia. The TFP for Hawaii shall be the TFP for the 48 States and DC adjusted for the price of food in Honolulu. The TFPs for urban, rural I, and rural II parts of Alaska shall be the TFP for the 48 States and DC adjusted by the price of food in Anchorage and further adjusted for urban, rural I, and rural II Alaska as defined in §272.7(c). The TFPs for Guam and the Virgin Islands shall be adjusted for changes in the cost of food in the 48 States and DC, provided that the cost of these TFPs may not exceed the cost of the highest TFP for the 50 States. The TFP amounts and maximum allotments in each area are adjusted annually and will be prescribed in a table posted on the FNS web site, at [www.fns.usda.gov/fsp](http://www.fns.usda.gov/fsp).”

The TFP referenced in regulation refers to the thrifty food plan which is defined in 7 CFR §271.2: *Thrifty food plan* means the diet required to feed a family of four persons consisting of a man and a woman 20 through 50, a child 6 through 8, and a child 9 through 11 years of age, determined in accordance with the Secretary’s calculations. The cost of such diet shall be the basis for uniform allotments for all households regardless of their actual composition. To develop maximum SNAP allotments, the Secretary shall make household size and other adjustments in the Thrifty Food Plan considering economies of scale and other adjustments as required by law.

Changes are announced at the beginning of every federal fiscal year. Effective October 1, there may be new income limits or benefit amounts based on cost of living adjustments. These amounts are provided by FNS. Unused benefits are expunged after 365 days. Upon being informed of the death of a one-person household, the benefits are expunged immediately.

**Question: What are Utah’s rules for lifetime limits for SNAP Benefits?**

The only time limit associated with SNAP is for able-bodied adults without dependents (ABAWDs), ages 18-49. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) limits the receipt of SNAP benefits to 3 months in a 36-month period for ABAWDs who are not working at least 80 hours per month, or participating in qualifying education and training activities at least 80 hours per month. Individuals are exempt from the time limit if they are:

- Under 18 or 50 years of age or older,
- Responsible for the care of a child or incapacitated household member,
- Medically certified as physically or mentally unfit for employment, pregnant, or
- Already exempt from the general SNAP work requirements.

(For more information, see <https://www.fns.usda.gov/snap/able-bodied-adults-without-dependents-abawds>)

Federal regulations (7 CFR §273.24) state there are time limits for able-bodied adults without dependents. Able-bodied adults without dependents are only eligible for three months of benefits in any three-year period. The time limit would not apply to a waived area upon FNS approval. As of October 1, 2016, the following counties are waived from time limits: Garfield, Wayne, San Juan, Piute, Carbon, Emery.

Per 7 CFR §273.16, disqualification from benefits can occur when a household commits an intentional program violation. Disqualification periods are based on the offense. The first offense is twelve-month disqualification. The second offense is a twenty-four months disqualification, and the third offense is a permanent disqualification. Individuals may be permanently disqualified for transactions involving the sale of firearms, ammunition or explosives. Permanent disqualification will also occur with the trafficking of benefits of more than \$500.

Federal regulations (7 CFR §273.2) state time limits for other programs do not affect SNAP eligibility. It further explains when applying for other time limited programs, it does not apply to the receipt of SNAP benefits and households which cease receiving time limited assistance may still qualify for SNAP.

Federal regulations (7 CFR §273.7) state someone failing to participate in Employment and Training (E&T) will be sanctioned one month, three months and six months based on the sanction occurrence.

States do not have the independent authority to impose additional SNAP time limits for those who do not meet an exemption.

**Question: Caseloads have been falling for the last few years, is the agency cutting down expenses as well?**

The Department has reported expenditures reductions along with reduced federal funds for the program:

Supplemental Nutrition Assistance Program (SNAP)					
Federal Expenditure Category Description	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Benefits	409,169,875	387,708,615	329,099,063	314,155,727	305,269,679
Certification	29,011,408	28,966,945	25,004,539	22,936,223	23,033,940
Quality Control	685,414	675,136	733,359	844,399	932,646
Fraud Control	2,291,162	2,573,786	2,305,122	2,481,188	2,325,278
Data Processing Operations	6,229,916	4,755,375	3,532,215	2,324,182	2,585,194
Fair Hearings	75,303	79,317	150,700	160,547	178,974
Issuance	1,415,545	1,342,888	1,147,692	1,041,241	1,055,461
Employment and Training	4,624,468	3,762,486	4,208,360	1,477,278	751,989
Employment and Training Participant Support	1,026,563	290,419	316,543	157,230	166,386
State Exchange	9,422	863	4,491	12,027	13,934
Management Evaluation	21,413	26,356	25,280	17,997	109,280
Outreach	0	604	940	2,356	11,285
Nutritional Education	813,324	814,703	756,963	1,261,703	1,450,044
SNAP Interview Research Grant	3,246	78,193	29,228	0	0
SNAP Farmers Market Grant	0	5,916	2,917	1,425	0
<b>TOTAL EXPENSES</b>	<b>\$ 455,377,059</b>	<b>\$ 431,081,602</b>	<b>\$ 367,317,412</b>	<b>\$ 346,873,523</b>	<b>\$ 337,884,090</b>

**DISCUSSION AND ANALYSIS OF DEEP-DIVE CHECKLIST**

**WHAT WE ARE ATTEMPTING TO ACCOMPLISH**

**Questions**

1. What authorizes delivery/provision of function (statute, intent, rule)?
2. What other activities are undertaken without explicit authority?
3. What alternative government and non-government resources exist that perform similar functions?  
Why is the state involved?

As mentioned in the summary, the U.S. Department of Agriculture (USDA), Food and Nutrition Service (FNS) administers the Supplemental Nutrition Assistance Program (SNAP) in cooperation with the State. The purpose of SNAP is to provide food assistance to eligible, low-income, individuals and families. SNAP is

considered the largest domestic hunger safety net. The Utah Department of Workforce Services (DWS) certifies eligibility, provides benefits to households, and provides nutrition education. FNS provides funding for State administration and benefits, and oversees the operation of State agencies to ensure compliance with Federal laws and regulations. In addition, FNS is solely responsible for authorizing and monitoring retail stores that accept SNAP benefits in exchange for food.

SNAP is authorized by the Food and Nutrition Act of 2008 (7 USC §2011 et seq.), which replaced the Food Stamp Act of 1977, as amended by the Food, Conservation, and Energy Act of 2008 (Pub. L. No. 110-246, 122 Stat. 923, enacted June 18, 2008) and the Agriculture Act of 2014 (Pub. L. No. 113-79, 128 Stat. 649, enacted February 7, 2014). SNAP regulations are found in 7 CFR parts §§271 through 285. Regulations found in 7 CFR §272 outline requirements for state agencies. This includes following all Federal guidelines for administering SNAP. Some highlights from this regulation include 7 CFR §272.3(a) Coverage of operating guidelines. State agencies shall prepare and provide written operating procedures to staff responsible for administering the Program. DWS complies with this requirement.

Per 7 CFR §274, DWS issues SNAP benefits to an Electronic Benefit Transfer (EBT) system. Per 7 CFR §273, the certification of eligible households is outlined to determine eligibility. Components of determining eligibility include application and recertification processing. The following must be verified: household composition, residency, citizenship, student status, resource standards, income and deduction standards. Customers are also informed of reporting requirements and fair hearing rights.

Though SNAP is exempt from the State's Federal Funds Procedures Act (*Utah Code* §63J-5-103), DWS submits the anticipated funding needed for the program on the Federal Funds Request Summary as it does for all federal programs. The Federal Funds Request Summary is reviewed by the Social Services Appropriations Subcommittee and the Executive Appropriations Committee and approved by the Legislature (*Utah Code* §63J-5-201).

Coordination for issuing benefits occurs with the Department of Technology Services (DTS). DTS was established in 2006 to consolidate information technology services to state agencies. DTS allows DWS to better serve the residents of the State of Utah. DTS designs, develops, and maintains the eligibility system at DWS known as the Electronic Resource and Eligibility Product (eREP) which is used to issue SNAP benefits.

When FNS provides policy updates, policy and eREP are updated to reflect any changes in program requirements. DWS coordinates with DTS to ensure updates occur in a timely manner to comply with federal regulations. (For an extensive list of SNAP policy updates, see <https://www.fns.usda.gov/snap/policy/all>.)

DWS does not know of any other activities taken without explicit authority. There are no public or community resources that administer SNAP benefits. FNS requires that a merited State employee make the final determination of eligibility (7 CFR §272.4).

## **HOW WE ARE ORGANIZED**

### **Questions**

4. What organizations are associated with this function?
5. What are the missions of the organizations associated with that function?
6. What outcomes are achieved by the organization associated with this function?

7. What data is collected/reported to document/demonstrate progress toward the outcomes?
8. How are appropriations structured to accomplish this function?
9. In what units of measure are outputs reported, how and why have those outputs changed over time?
10. Are performance measures meaningful and how is management assuring such?
11. What kind of external variables impact the organization/function and what is the status of those variables?
12. Are there standards (industry, national, other states, etc.) for output or output per unit of input? How do they compare to this?
13. To whom is performance data reported?
14. What decisions are based on reporting data?
15. How might you recommend the authorization, mission, or performance measurement change?

The Department of Workforce Services supports Governor Herbert's vision to strengthen Utah's economy by supporting the economic stability and quality of our workforce. DWS provides quality and streamlined services that connect a world-class workforce with employment. DWS has many divisions such as Eligibility Services, Housing and Community Development, Office of Child Care, Refugee Services, Unemployment Insurance, Workforce Development and Workforce Research & Analysis. SNAP is a program administered by the Eligibility Services Division.

The DWS mission is to strengthen Utah's communities through employment and support services for our customers to improve their economic opportunities. The DWS vision is to prepare our customers to prosper now and as the workforce of the future.

Required data is submitted to FNS. This data includes timeliness and accuracy rates. DWS has internal reporting measures to track timeliness, accuracy and workload management. Performance goals are set statewide for employees. Corrective action occurs for employees not meeting set performance goals. Data is reported to management at all levels, including the Executive Director's Office (EDO). Data is contained in COGNOS, a reporting system used to pull frequently used data. Ad hoc reports are also created as needed. Performance measures are set at a federal and state level. FNS monitors and releases periodic reports to show how Utah's administration of SNAP compares to other states. Over the course of the years, DWS has improved on all measures.

Supervisors are required to complete monthly one-on-one evaluations to review employee performance. DWS has four cornerstones: Operational Excellence, Exceptional Customer Service, Employee Success and Community Connection. Employees are encouraged to remember daily work completed when administering SNAP relates to all four of these cornerstones.

Management meets regularly with advocates to communicate required policy changes as well as receive feedback about provided services. DWS has an excellent rapport with local advocacy groups and has an open-door policy to address any concerns quickly and efficiently.

DWS uses a cost allocation plan managed by its Finance Division using a random moment time sample (RMTS) system. All SNAP grants issued to customers are 100% federal dollars.

Because SNAP is a federal program, it is impacted by congressional decisions. Cuts or other adjustments may be seen in the coming years based on Congressional actions. The number of SNAP cases and the

amount of benefits issued correlates to the number of eligible households who apply and receive SNAP benefits. SNAP caseloads have declined as the economy has improved.

### **WHAT WE'RE BUYING/HOW WE ARE PAYING FOR IT**

#### **Questions**

16. What is the largest category of expenditure for an organization and how big is it?
17. How does this expenditure support the above justification/authorization?
18. What is that category of expenditure buying (how many/cost per unit)?
19. How does the above relate to units of output?
20. How has the expenditure changed over five years relative to the units of output?
21. Are there any outliers/anomalies in current or budgeted spending in this category?
22. Does the amount of expenditure for a category change significantly in accounting period 12 or 13? Why?
23. How might you recommend this expenditure category change based on the above?
24. What is the largest fund or account from which resources are drawn to support the above expenditures and how big is it?
25. What are the revenue sources for that fund or account and what are their relative shares?
26. Is the source one-time or ongoing and do ongoing sources match or exceed ongoing expenditures?
27. How has the source changed over time relative to expenditures and units of output?
28. Are there any outliers/anomalies in current or budgeted periods for this source?
29. Does source have unencumbered balances that relate directly to this function/organization? How have those balances changed over time?
30. What is a reasonable balance and Why?
31. Is the availability of sources (grants or previous "building blocks"), rather than mission or objective, driving expenditures?
32. Are other sources available to support the same expenditure?
33. How might you recommend this revenue category change based on the above?

#### **SNAP BENEFITS**

##### **FY 2016 expenses: \$305,269,679**

The largest cost of SNAP is the benefits we authorize for customers. The federal government pays 100 percent of the value of SNAP benefits. This is an ongoing revenue source which matches expenditures in their entirety. As SNAP is an entitlement program, DWS is authorized to draw the resources needed to cover allowable expenses. Benefits are paid for and drawn from the federal SNAP Benefits Account and the Supplemental Security Income (SSI) Cash out Benefits account. Benefit expenses are immediately recorded in the period in which they are incurred. There are no "fiscal period 13" expenses because any amount incurred in July would be reported as "fiscal period 1" expenses in the new fiscal year.

Over the last five years, the SNAP benefits expense has ranged from a high of \$409 million to \$305 million in the most recent fiscal year. As the economy has improved, SNAP caseloads have reduced from a high of 113,783 households average per month to 88,999 households average per month in the most recent fiscal year. The number of SNAP cases and the amount of benefits issued correlates to the number of eligible

households who apply and receive SNAP benefits. Generally, households must use program benefits to purchase foods for preparation and consumption at home.

### **CERTIFICATION (ELIGIBILITY DETERMINATION)**

**FY 2016 expenses: \$23,033,940**

The SNAP budget includes funds provided by FNS to administer the program. Administrative costs include salaries and benefits, travel expenses, supervisory and clerical costs and a portion of indirect costs that are allocated to SNAP. SNAP's authorizing statute places no cap on the amount of funds available to reimburse States for allowable administrative expenses. A certain number of full-time employees (FTEs) are necessary to administer timely and accurate eligibility determinations and timely benefit issuance. Eligibility workers are trained to help their team reach performance goals by issuing timely and accurate benefits. Certification expenses have ranged between \$29 million and \$23 million over the past 5 years and have decreased over time as caseloads have dropped.

The federal portion of Certification expenses are paid out of the SNAP administrative account. The federal government generally reimburses States for 50 percent of their costs to administer the program. However, the Federal reimbursement is decreased and the State share of administrative costs is increased by an amount equal to certain common certification costs grandfathered into the States' Temporary Assistance for Needy Families grant levels but attributable to SNAP (7 USC §2025(k)). The amount of each State's downward adjustment was determined by the U.S. Department of Health and Human Services. The amount for Utah is \$940,000 annually.

Although SNAP caseloads have decreased, Medicaid caseloads have increased. Thus, administrative costs associated with determining eligibility for all programs have shifted from SNAP to Medicaid as determined by the quarterly random moment time studies as defined in the approved DWS cost allocation plan.

### **DATA PROCESSING**

**FY 2016 expense: \$2,585,194**

States are required to have computerized systems for obtaining, maintaining, utilizing, and transmitting information concerning SNAP (7 CFR §§272.10 and 277.18). This includes: (1) processing and storing all case file information necessary for eligibility determination and benefit calculation, identifying specific elements that affect eligibility, and notifying the certification unit of cases requiring notices of case disposition, adverse action and mass change, and expiration; (2) providing an automatic cutoff of participation for households which have not been recertified at the end of their certification period by reapplying and being determined eligible for a new period (7 CFR §§272.10(b)(1)(iii) and 273.10(f) and (g)); and (3) generating data necessary to meet Federal issuance and reconciliation reporting requirements.

Data processing expenses associated with maintaining the eligibility determination system (eREP) are allocated to SNAP using the methodology outlined in the DWS cost allocation plan. This includes licensing, hosting, server charges, and occasional programming changes as required by changes to federal policy. Data processing charges have decreased over the past five years as SNAP caseloads and workload have decreased.

The federal portion of data processing expenses are paid out of the federal SNAP administrative account. The federal government generally reimburses States for 50 percent of their data processing costs.

## **FRAUD CONTROL**

### **FY 2016 expenses: \$2,325,278**

Fraud control expenses are administrative expenses incurred for qualified employees engaged specifically in the investigation and prosecution of SNAP fraud activity. Costs for fraud control have remained relatively consistent over the last five years. One explanation as to why costs have not decreased relative to the decreasing caseloads is an increased focus on part of DWS to investigate potentially fraudulent activity. DWS received a SNAP fraud/waste/abuse audit from the Office of the Utah State Auditor in December 2015. Thus, DWS has worked with a contractor--Accenture--to improve and increase our fraud detection data analytics. In the 16 months since implementing the changes recommended by the audit, our investigation referrals have increased more than 50%, our overpayment referrals have increased by 61% for SNAP, SNAP disqualifications have increased by 53% and we are collecting 47% more in overpayment monies.

The federal portion of Fraud Control expenses are paid out of the federal SNAP administrative account. The federal government generally reimburses States for 50 percent of their fraud control costs.

## **NUTRITIONAL EDUCATION**

### **FY 2016 expenses: \$1,450,044**

States receive federal funds for SNAP nutrition education and obesity prevention ("SNAP-Ed") activities based on a formula. States must use these funds for the administrative costs of planning, implementing, and operating a SNAP-Ed program in accordance with its approved SNAP-Ed Plan. The Federal Government pays 100 percent of the costs up to the level of the formula-generated Federal SNAP-Ed grant amount; any SNAP-Ed costs incurred beyond that level must be borne by the State (7 USC §2036a, Section 241 of Pub. L. No. 111-296, 124 Stat. 3183, December 13, 2010).

SNAP-Ed is an evidence-based program that helps people lead healthier lives. SNAP-Ed teaches people using or eligible for SNAP about good nutrition and how to make their food dollars stretch further. SNAP-Ed participants also learn to be physically active. SNAP-Ed works by building partnerships with all types of community organizations. Communities have social marketing campaigns, hold nutrition education classes, and improve their policies, systems, and the environment of the community. SNAP-Ed is administered by Utah State University via a contract with DWS. SNAP-Ed expenses are all drawn from the federal Nutrition Education account.

Costs have seen an increase due to expanding outreach activities as well as implementing PSE (Policy/System/Environment) and PEARS (outcomes reporting system) initiatives. In the most recent calendar year, SNAP-Ed served over 16,000 adults and 34,000 youth through outreach activities such as nutrition classes, food budgeting classes, etc.

## ISSUANCE

### **FY 2016 expenses: \$1,055,461**

States issue benefits in the form of debit cards, which recipients can use to purchase food. This is known as electronic benefits transfer (EBT). Issuance costs are associated with the issuance of cards by the vendor or over-the-counter as well as the contracted services of the State's EBT contractor. DWS recently switched EBT contractors from JP Morgan to Conduent (formerly part of Xerox) and has a 10-year contract with Conduent for EBT services. Issuance costs should not fluctuate much going forward.

The State's EBT contractor is responsible for settlement (payment) to retailers that have accepted EBT cards for food purchases. The contractor's "concentrator bank" makes the payment through the National Automated Clearing House (ACH) system. The concentrator bank is reimbursed for the payments by a draw made on the State's EBT benefit account with the U.S. Treasury. DWS has authorized its EBT contractor to make these draws. DWS reconciles the payments made to retailers by its EBT contractor with the amounts drawn from its EBT account with the U.S. Treasury.

The federal portion of Issuance expenses are paid out of the federal SNAP administrative account. The federal government generally reimburses States for 50 percent of their issuance costs.

## QUALITY CONTROL

### **FY 2016 expenses: \$932,646**

SNAP has an extensive quality control system required by law and regulation. The system provides state and national measures of the accuracy of eligibility and benefit amount determination (often referred to as payment accuracy), both underpayment and overpayment, and of the correctness of actions to deny, terminate, or suspend benefits.

States are required to select a statistical sample of cases, both active (currently receiving benefits) and negative case actions (benefits denied). DWS Quality Control Analysts review the active cases for eligibility and benefit amount and review the negative cases for the correctness of the decision to deny benefits. States submit findings of all sampled cases, including incomplete and not-subject-to-review cases, to an automated database maintained by the federal government. State quality control data allow a State to be aware on an ongoing basis of its level of accuracy, and allow for the identification of trends and appropriate corrective action.

The applicable FNS regional office reviews each State's sampling plan annually and re-reviews a statistical subsample of the State quality control reviews. The FNS re-review process provides feedback to each State on its quality control system. FNS uses the State's sample and the FNS subsample in a regression formula (described in regulation) to determine payment error rates and negative case error rates. By law, the payment error rate is the combined value of overpayments and underpayments to participating households. The FNS national office also reviews its regional operations and provides technical assistance to assure consistency in the national quality control system.

Quality Control expenses are administrative costs related to Quality Control personnel and personnel activities (e.g., travel costs). The federal portion of Quality Control expenses are paid out of the federal

SNAP administrative account. The federal government generally reimburses states for 50 percent of their quality control costs.

## **EMPLOYMENT AND TRAINING**

### **FY 2016 expenses: \$751,989**

The SNAP Employment and Training (E&T) program allows states to provide employment and training and related supportive services to individuals receiving SNAP benefits. SNAP E&T is a mandatory program and is approved by FNS through the submission of a State E&T plan. States receive a 100 percent grant for the E&T component and must pay 50 percent for E&T costs that exceed that grant amount.

Costs associated with E&T have decreased substantially over the past five years. This is due to reduction in caseloads, automation of much of the program, as well as Utah giving up its “pledge” status (and subsequent funds) to provide qualifying workfare opportunities to Able-Bodied Adults Without Dependents (ABAWD) applicants and recipients. Also, Utah used to allow SNAP enrollees that were not required to participate in employment and training activities to voluntarily participate. The department no longer allows this voluntary participation, so now there are only the mandatory participants.

## **FAIR HEARINGS**

### **FY 2016 expenses: \$178,974**

Customers who disagree with a decision made on their SNAP case have the right to request a fair hearing before an Administrative Law Judge to appeal an eligibility decision that denies, reduces, or ends public assistance. The Administrative Law Judge cannot change eligibility rules or policy, but decides if eligibility was correctly determined. Fair Hearing costs are administrative costs associated with fair hearing activities. There has been an increase in costs over the past five years, likely due to an increase in personnel.

The federal portion of Fair Hearings expenses are paid out of the federal SNAP administrative account. The federal government generally reimburses States for 50 percent of their fair hearings costs.

## **EMPLOYMENT AND TRAINING PARTICIPANT SUPPORT**

### **FY 2016 EXPENSES: \$166,386**

SNAP policy requires DWS to reimburse E&T mandatory participants for reasonable and necessary expenses incurred to participate in the program. This may include costs for transportation, internet service, etc. Utah has opted to reimburse participants \$50 per month for three months of required participation. Funds for participant support has decreased over the past five years, primarily due to reduction in caseloads, reduction in mandatory participants and the elimination of a volunteer E&T program.

The federal portion for E&T participant support are drawn from the federal E&T Participant Account. The federal government generally reimburses States for 50 percent of their E&T participant support costs.

## MANAGEMENT EVALUATION

### **FY 2016 expenses: \$109,280**

To ensure that States operate in compliance with the law, SNAP regulations require each state to have a system for monitoring and improving its administration of SNAP. This performance monitoring system includes management evaluation (ME) reviews. FNS requires states to complete an annual ME review and provides guidelines on what will be reviewed annually. Items such as accessibility, required language, required forms/brochures availability, etc. are typically reviewed. Management evaluation costs are administrative costs associated with ME activities. 2016 appears to be an outlier year for expenses in this category.

The federal portion of Management Evaluation expenses are paid out of the federal SNAP administrative account. The federal government generally reimburses states for 50 percent of their management evaluation costs.

## STATE EXCHANGE

### **FY 2016 expenses: \$13,934**

FNS will reimburse states for certain costs associated with FNS-sponsored activities such as annual conferences, visiting other states to view processes, technical assistance, etc. Amounts are based upon the volume of requests received by FNS.

Funds for State Exchange are drawn from three different federal State Exchange accounts. State Exchange expenses are 100% federally funded.

## OUTREACH

### **FY 2016 expenses: \$11,285**

Outreach expenses are pass-through costs given to Utahns Against Hunger (UAH) for outreach activities. DWS has a contract with UAH to facilitate assisting customers to apply for SNAP in community centers, food pantries, etc. These are allowable activities and the federal government generally reimburses States for 50 percent of the outreach costs (the outreach site pays the remaining 50 percent for allowable activities). These costs will likely increase as additional sites are brought on board.

The federal portion of Outreach expenses are paid out of the federal SNAP administrative account.

## DO WE BALANCE?

### Questions

34. What are total expenditures and total sources? Do they equal one another?
35. Have all appropriated or authorized resources been expended at year-end?
36. How have nonlapsing appropriation balances (if any) changed over time?
37. Are fees or taxes supporting a function and are those fees or taxes reasonable?

38. Is there significant risk associated with this organization/function, if so, are there proper controls in place?

The Federal Government pays 100 percent of the value of SNAP benefits and generally reimburses States for 50 percent of their costs to administer the program. Exceptions to the 50 percent reimbursement rate include 100 percent grants to administer the E&T component of the program (7 CFR §277.4(b)) and to provide SNAP-Ed services. SNAP's authorizing statute places no cap on the amount of funds available to reimburse States at the 50 percent rate for allowable administrative expenses. DWS is authorized to draw the federal funds needed to cover allowable expenses. DWS does not collect any taxes or fees to support SNAP.

The Department was appropriated \$326,909,000 in SNAP federal funds spending authority for fiscal year 2018. More than \$310 million of this amount was appropriated for SNAP benefits.

Assuming economic conditions hold steady, DWS expects that at least \$5 million of this federal funds authority will remain unspent at the conclusion of fiscal year 2018. As noted above, administrative costs associated with determining eligibility for all programs have shifted from SNAP to Medicaid as SNAP caseloads have decreased and Medicaid caseloads have increased over the past several years. DWS has realized some general fund savings as a result of this shift because Medicaid has a higher federal match rate for certain costs related to eligibility determination activities compared to the 50 percent match rate for SNAP administrative expenses. More than \$8 million in ongoing general fund savings realized by DWS in recent years were reallocated by the Social Services Appropriations Subcommittee to fund building block requests and other Legislative priorities.