

NEW SNAP COST SHARE & ITS IMPACT ON TEXAS

Since the start of the Supplemental Nutrition Assistance Program (SNAP) 60 years ago, SNAP benefits have been funded entirely by the federal government and the cost of administering the program has been shared equally by states and the federal government. HR 1, or the One Big Beautiful Bill Act, reshapes SNAP financing by shifting food benefit costs and increasing administrative expenses to states for the first time in the program's history.

**TEXAS WILL NEED TO
ALLOCATE AN ADDITIONAL
~\$117 MILLION
PER YEAR TO SUPPORT
SNAP ADMINISTRATION**

ADMINISTRATIVE COST INCREASE

SNAP administrative costs cover the resources that states need to operate the program effectively. These include personnel costs, technology and data systems, application processing and certification, fraud prevention and investigation, and community engagement — all of which are essential to ensuring accurate and timely SNAP benefit payments.

Starting in FY27 (October 1, 2026), states must cover 75% of SNAP administrative costs. Before HR 1, states only paid for half of SNAP administrative costs.

SNAP BENEFIT COST SHARE

Starting in FY28 (October 1, 2027), HR 1 will require states to pay up to 15% of the cost of SNAP benefits, depending on their "Payment Error Rate" (PER). The PER is a measure of accuracy in the calculation of household benefits. Prior to HR 1, SNAP benefits were 100% federally funded. States with an error rate below 6% are exempt from the cost-share.

8% PAYMENT ERROR RATE = 92% ACCURACY RATE

In FY24, Texas' PER was 8.3%, which under the new law, would require the state to cover 10% of SNAP benefit costs, an estimated \$709 million per year. Texas' FY26 PER will ultimately determine how much the state will have to pay in FY28. While HHSC is working diligently to lower their PER this year, there is no guarantee that they will be able to get below 6% in such a short timespan.

SNAP Payment Error Rate (PER)	State Share of SNAP Benefits	Texas' Cost Per Year
Error Rate Below 6%	No benefit cost share	\$0
6%-8% PER	State required to pay 5%	\$354.5 Million
8%-10% PER	State required to pay 10%	\$709 Million
10% PER or higher	State required to pay 15%	\$1.06 Billion

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WHAT IS A PAYMENT ERROR RATE AND HOW IS IT CALCULATED?

The Payment Error Rate (PER) measures how accurately SNAP benefits are calculated, combining both overpayments and underpayments.

For decades, SNAP has maintained one of the most rigorous eligibility and payment-accuracy systems among federal benefit programs. Each month, the state selects a random sample of “active cases” for Quality Control (QC) review. QC staff verify the accuracy of the state’s eligibility determinations by re-checking documentation, interviewing households again, and recalculating benefits when necessary. They also determine whether errors stemmed from agency action or from household reporting. Regardless of the source, all mistakes are corrected. Households are required to repay any overissued benefits, and the agency must issue any underpayments owed to the client.

Payment Error Rate IS:

Agency + Client Errors

Overpayments + Underpayments

A measure of accuracy in how the state calculates the benefit amount

Payment Error Rate is NOT:

Fraud or Abuse

Wrongful Denials

Mistakes that do not impact the benefit amount

SNAP is a highly targeted benefit that calculates monthly allotments based on household size, income, and expenses, which creates opportunities for both worker and client error. Income calculation errors are the most common, largely because many participants have hourly jobs with fluctuating income. Other primary causes include household composition and shelter costs.

States can reduce SNAP payment error rates through a mix of technology, process improvements, and adequate staffing—such as using third-party data and automated cross-checks, strengthening staff training, and simplifying client reporting.

Source

- SNAP Includes Extensive Payment Accuracy System (CBPP): <https://www.cbpp.org/research/food-assistance/snap-includes-extensive-payment-accuracy-system>