

June 2026

North Carolina should focus on feeding families, not flawed SNAP error rates

Overview of H.R. 1 Error Rate-Based Cost Shift

The harmful federal megabill passed in 2025, H.R. 1, made deep funding cuts to the SNAP program, risking access to food assistance for the [nearly 1.3 million](#) North Carolinians who need SNAP to afford groceries each month.

Historically, the federal government has covered [100 percent](#) of SNAP benefit costs — the actual dollars families use to buy food. As families lose income and become eligible for assistance during tough times, federal funding has ensured that families in need can receive food assistance without straining state budgets.

H.R. 1 completely upends the purpose of the program by requiring states to pay a share of SNAP benefits beginning in October 2027. A state's share of costs is based on its SNAP payment error rate, a measure of over- and underpayments that states make in administering SNAP, largely due to unintentional mistakes.

North Carolina will be required to pay [5 to 15 percent](#) of its SNAP benefit costs, based on either its FY2025 or FY2026 payment error rate, whichever the state chooses. In general, the higher the payment error rate, the larger the share of benefit costs the state will be required to bear. If the state cannot afford its new share of benefit costs, on top of other H.R. 1 cost shifts, eligible families will likely lose access to the assistance they rely on to put food on the table.

What does the SNAP error rate actually capture?

How is the payment error rate calculated?

The federal and state government conduct [quality control reviews](#) to assess whether caseworkers are determining eligibility and benefit amounts correctly. Each year, reviewers pull a small sample of active SNAP

cases and evaluate whether households received the correct benefit amount at a specific point in time. Cases are evaluated for three types of payment accuracy errors:

- Underpayments to eligible households;
- Overpayments to eligible households; and
- Issuance of benefits to ineligible households.

FOR EXAMPLE

If a state issued \$10,000 in SNAP benefits in total and issued:

\$100 in overpayments (1%)

\$100 in underpayments (1%)

\$200 in ineligible payments (2%)

The payment error rate would be 4 percent. In other words, 4 percent of the state's SNAP benefits were issued incorrectly.

Based on these errors, the U.S. Department of Agriculture (USDA) validates its review with that of the state's and calculates each state's payment error rate. This rate is equal to the share of total SNAP dollars issued incorrectly, not the share of cases with errors. To focus limited capacity on more significant mistakes, errors under \$58 are [not counted](#) in quality control reviews.

How are payment errors addressed?

When the state identifies a payment error, the state is [required](#) to correct it. This can mean reimbursing households that were underpaid, collecting overpayments, and requiring ineligible households to repay benefits.

SNAP error rates are not fraud rates

SNAP error rates are often framed as a measure of fraud, but that is not what they capture. While deliberate fraud can occur and should be addressed, it represents a [very small share](#) of overall SNAP errors. Most payment errors are unintentional and can stem from administrative mistakes, data entry issues, missed household updates, or confusion about reporting requirements.

There is little incentive for households or agencies to allow payment errors to occur. Overpayments can leave families budgeting around benefits they later have to repay, while underpayments force families to stretch fewer resources than they qualify for. Errors also require state and county staff capacity to identify and correct. Thus, the error rate is better understood as an indicator of where administrative processes need investment — not as evidence of widespread abuse.

Tying financial penalties to the error rate is counterproductive

For a state to avoid paying a share of SNAP benefit costs, it would have to reduce its payment error rate to [below 6 percent](#). This is unrealistic given the volume of cases counties process, the complexity of SNAP eligibility rules, and the short timeline before the benefit cost shift takes effect.

If the goal is to reduce errors, better investments would include improving county administrative capacity, recipient outreach, reporting guidance, and eligibility processing systems. H.R. 1 does the opposite. Instead of helping North Carolina reduce errors, the state will have to pay up to 15 percent of SNAP benefit costs, diverting resources that could otherwise be used to strengthen SNAP administration and improve access to food assistance.

What does the SNAP error rate not capture?

The payment error rate is too narrow of a measure to justify such a large cost shift onto the state, especially if the goal is to improve program accuracy and access. Because the error rate is only [based on active cases](#) where households are receiving benefits, it does not capture whether eligible households are being wrongfully denied assistance, losing benefits, facing processing delays, or struggling to navigate administrative hurdles.

It also does not reveal whether SNAP is serving its core purpose of helping families afford nutritious food and support their well-being. **A low error rate, by itself, does not mean SNAP is working well for families** who qualify for and need food assistance.

What indicators measure SNAP performance better?

Administrative Indicators

Administrative indicators show whether eligible households can access and keep benefits without unnecessary delays, barriers, or wrongful denials. These could include:

- **Timeliness of processing and recertifying applications:** [Federal law](#) requires that eligible households receive SNAP benefits within 30 days of an initial application or within seven days for those eligible for expedited benefits. [Timely processing](#) of applications and recertifications is critical because SNAP is intended to provide assistance when families need it most. Delays can leave families without food assistance when they are expecting it and may point to capacity challenges that require additional funding or staffing to address.
- **Reasons for denials, terminations, and suspensions of benefits:** Tracking reasons for denials, terminations, and suspensions can show whether households are losing benefits because they are ineligible or are disqualified for wrongful reasons. For example, tracking the reasons can indicate whether counties may be restricting access to reduce payment error risks, or if families are no longer eligible because their financial situation improved.

- **Administrative capacity:** Indicators such as volume of call center calls, call answer rates, and caseworker-to-caseload ratios can show whether SNAP participants are able to get help, resolve issues, and maintain benefits without unnecessary delays.

Well-being Indicators

Well-being indicators show whether SNAP is reaching households in need and improving conditions for participating households. These could include:

- **The Program Access Index:** The [Program Access Index](#) measures the share of low-income households participating in SNAP. It can indicate whether administrative procedures, eligibility rules, or work requirements are preventing qualifying households from receiving benefits. In 2023, SNAP reached 88 percent of North Carolina residents with incomes at or below 125% of the federal poverty line, showing there is still room to improve access for eligible households.
- **State and local food insecurity rates:** Comparing local food insecurity rates to the statewide rate can help identify where families face greater unmet need and where SNAP access, outreach, or benefit levels may need to be strengthened.
- **Health outcomes:** Health outcomes help show whether SNAP is fulfilling its aims of improving nutrition and well-being. Because SNAP is linked to [improved long-term health](#) and lower medical costs, improving SNAP access, benefit levels, and eligibility can promote better health outcomes among participants.
- **Ability to afford other basic needs:** Households often turn to SNAP when they face economic hardships like job loss and reduced earnings. Measuring [household financial stability](#) helps show whether existing benefit levels and eligibility restrictions allow families to meet basic needs without relying on debt.

North Carolina and its counties are being set up to fail

Multiple simultaneous changes to SNAP make it more costly and complex to administer

The flaws of the payment error rate are compounded by the fact that the state and counties are being pressured to reduce errors while administering a more complex program with less federal funding.

- **Starting in Dec. 2025, H.R. 1 expanded work reporting requirements to new groups, [including](#)** older adults, parents with children ages 14+, veterans, people experiencing homelessness, and former foster youth, and added [new verification steps](#) during recertification. This significantly increases the paperwork and cases counties must review and monitor.

- **Starting in Feb. 2026, H.R. 1 restricted eligibility for previously eligible non-citizen groups, including** refugees, asylees, and survivors of trafficking. By singling out certain categories of legally residing immigrants, H.R. 1 creates confusion and could ultimately limit access of other noncitizen groups who are lawfully present.
- **Beginning in Oct. 2026, H.R. 1 shifts a larger share of SNAP administrative costs onto counties.** Historically, NC counties have been required to [cover 50 percent](#) of SNAP administrative costs in order to receive federal funding for the other half. Under H.R. 1, counties will be required to cover 75 percent of administrative costs. In the first year alone, counties face a collective [\\$191 million](#) in SNAP administrative costs, which includes an estimated [\\$69 million](#) in new costs.

SNAP participation is falling for the wrong reasons

SNAP was designed to expand in response to economic hardship and contract as economic conditions improve. Normally, declining participation is a sign that fewer families need assistance.

But these are not normal times. [Grocery prices have been on the rise](#), many [households continue to struggle](#) to make ends meet, and families are [cutting back on groceries](#). Yet, SNAP participation has declined by [7 percent](#) in North Carolina since October 2025, the month before the first H.R. 1 change was required to take effect. If fewer families needed assistance because economic conditions were improving, we would expect affordability pressures to ease.

A drop in SNAP participation does not mean that more families are being lifted out of poverty or that fraud is being eliminated. Instead, the decline likely reflects that the new eligibility restrictions, administrative barriers, and work requirements are making it harder for eligible families in need to access and maintain food assistance. As a result, some households who remain eligible for SNAP are going hungry with no other safety net to fall back on.

The 2025 federal shutdown has already put the state at a disadvantage

The challenges with implementing H.R. 1's changes to SNAP were further exacerbated by the 2025 federal shutdown. Historically, the USDA has used [contingency funding](#) during federal shutdowns to ensure SNAP benefits continue to be issued to families without disruption. During the October 2025 shutdown, however, the Trump Administration [initially refused](#) to release funding for November SNAP benefits, creating uncertainty for states, counties, and families.

[Federal guidance](#) for benefit issuance changed repeatedly and [new benefit formulas](#) were introduced. At the same time, the USDA required expanded work reporting requirements to [take effect on Nov. 1, 2025](#), forcing the state and counties to implement H.R. 1's new SNAP requirements while navigating the shutdown.

That means states will have little opportunity to influence the error rates that determine [the 2027 cost shift](#). The FY2025 error rate is being finalized this month, while the FY2026 error rate includes the period affected by the 2025 federal shutdown and overlapping implementation challenges.

In other words: North Carolina could face a financial penalty based on error rates it can no longer change and that were shaped by circumstances beyond the state's control.

The future of food assistance in North Carolina is at risk

Taken together, the simultaneous policy changes, funding shifts, and administrative disruptions reveal why payment error rates are a poor basis for shifting SNAP benefit costs onto states. North Carolina and its counties are being asked to administer an increasingly complex program while facing new financial penalties tied to a metric that does not measure fraud or whether eligible households can access and maintain benefits.

The USDA is expected to release FY2025 payment error rates at the end of June, providing an early warning of the potential SNAP benefit cost the state will face in the future. As lawmakers continue negotiating the state budget, seeking to continue tax cuts, and advancing constitutional limits on future revenue, the upcoming error rate should underscore the need to raise sufficient revenue to cover new federal cost shifts and protect food assistance.

But the consequences extend beyond state and county budgets. When families lose a job, experience reduced work hours, or face an unexpected financial setback, SNAP helps make sure that they can still put food on the table and stay healthy enough to keep working and caring for their families. Policies that increase administrative burdens and financial pressures on the state and counties risk weakening this critical safety net.

Framing the small number of payment errors as evidence of widespread abuse or fraud further distracts from what is actually at stake: North Carolina families in need going hungry. Lawmakers should focus on ensuring eligible families can receive benefits when they need them most — not using payment error rates as a pretext for shifting costs onto counties or restricting access.

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