Food and
Nutrition
Service

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DATE: June 26, 2020

SUBJECT: Supplemental Nutrition Assistance Program (SNAP) -- Non-Competitive
          Grant Opportunity for States Using Automated Income Data Sources for
          Income Verification

TO: All State SNAP Directors
          FNS Regional SNAP Directors

The Fiscal Year (FY) 2020 Appropriations bill provided the Food and Nutrition
Service (FNS) with $4 million for the purpose of evaluating State SNAP agencies'
(States') usage of automated income data sources (also referred to as automated third
party payroll sources, such as The Work Number) to verify income in determining
household eligibility and benefit amounts. FNS will make available $2 million in
FY 2020 and $2 million in FY 2021. FNS intends to allocate the $2 million in FY
2020 funds to States in the form of non-competitive grants before September 30, 2020.

The FY 2020 non-competitive grants will fund participating States' evaluation efforts
of automated income data sources. For FY 2020, FNS plans to award grants ranging
from approximately $57,000 to approximately $250,000, contingent upon the
availability of Federal funding. The evaluation will require participating States to
collect and report data and other information regarding processes, costs, and benefits
of using automated income data sources for income verification. FNS intends to use
the information collected and reported in the evaluation efforts to design and
implement a pilot project that would be funded by the additional $2 million for
FY 2021. In FY 2021, FNS will provide more information on opportunities related to
the additional $2 million.

Automated income data sources can be a valuable tool for addressing several issues
including reducing payment accuracy errors and improving timely application
processing. At the same time, some States have reported that the cost of using
automated income data sources to verify income can be prohibitive. FNS expects this
evaluation to provide valuable information with practical implications for potential
future State and/or Federal initiatives including income data matching initiatives that
would effectively improve SNAP payment accuracy without excessive administrative
costs to the Federal government or States.

Eligibility Requirements for the FY 2020 Non-Competitive Grants

States must meet certain criteria in order to be eligible to receive the FY 2020 non-
competitive grant. Eligibility requirements include that the State must currently use
an automated income data source (also referred to as automated third party payroll
source, such as The Work Number) to verify earned income when certifying SNAP
households. In addition, the State must commit to collecting and reporting the
evaluation data and information summarized in the appendix to this memorandum.

As explained above, FNS will only accept non-competitive grant applications from States that are currently using an automated income data source for verification of household income. In a county-administered State, the State should send the application on behalf of any interested county(ies). The amount of funds granted to each participant State will depend on the overall number and diversity of applicant States. If there is significant diversity with regard to caseloads and usage of automated income data sources, FNS may see fit to develop a consistent formula that would vary the amount of funds granted to each State based on those factors. If there is not significant diversity, all participating States may receive the same grant amount. For example, if 25 States with similar caseloads and usage of automated income data sources apply, each State would receive approximately $80,000.00. If a State were to withdraw or otherwise not participate in collecting and reporting the evaluation data, FNS reserves the right to re-allocate the FY 2020 non-competitive grant funds in order to use the full amount.

How to apply:

- To apply for a non-competitive grant, interested States must submit a one page proposal and accompanying one page budget narrative by **no later than close of business Monday, July 27, 2020**. Application instructions are below.

- The one page proposal must include the following:
    - The amount of Federal funds requested;
    - The automated income data source(s) used by the State to verify household income;
    - A description of how the State would fulfill the evaluation requirement summarized in the appendix;
    - The approximate number of times the State (or county) used an automated income data source in an attempt to verify income as of May 1, 2020 for individuals in households applying/reapplying for, or reporting to, SNAP.

- The one page budget narrative must include:
    - A narrative description of the Federal funds requested in SF-424A, including detailed calculation stating how these funds requested were derived.

SNAP State agencies can apply for these funds through the Grants.gov web portal at www.grants.gov. From the home page, click "Get Started", then search for the opportunity package. The funding opportunity number is:

USDA-FNS-SNAP-20-IDSV

All applicants must adhere to the following application format. Applications not submitted via the Grants.gov portal will not be considered. In order to submit an application to the Grants.gov system, applicants must have obtained a Data Universal Numbering System (DUNS) number and register in both the new System for Award Management (SAM) and on Grants.gov.

Required Documentation

Required Grant Application Forms
The following forms are found in the application package on Grants.gov.
- SF-424 Application and Instruction for Federal Assistance (SF-424)
  - States interested in applying are eligible to receive between approximately $57,000 to $250,000.
- SF-424A Budget Information and Instruction (SF-424A)
  - Please submit a budget request (SF-424 Form) for an amount from approximately $57,000 to $250,000. FNS may adjust the award amount depending on the availability of funds.
- SF-424B Assurance-Non-Construction Programs (SF-424B)
- SF-LLL (Disclosure of Lobbying Activities): Indicate on the form whether your organization intends to conduct lobbying activities. If your organization does not intend to lobby, write "Not Applicable."
- Forms AD-1047-1049 and AD-10-1052, as applicable.

The following form is included as an attachment to this letter and should be submitted via Grants.gov with the rest of the application package.

- Financial Stability and Quality Management Questionnaire

Grant Agreement

- When awards are made, State agencies and FNS will sign a FNS-529 Grant Award form.
- A fully executed FNS-529 agreement, with terms and conditions, will serve as the official grant agreement.

Catalog of Domestic Federal Assistance (CFDA)

The Catalog of Domestic Federal Assistance number for this grant project award is: 10.561

Additional Requirements

- Selected applicants will be required to provide quarterly narrative progress reports utilizing FNS-908, and provide financial status reports quarterly through the Food Program Reporting System (FPRS). Additional details will be provided in the Terms and Conditions of the Award.

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<u>Application Due Date</u>

Complete grant applications must be uploaded to www.grants.gov by 11:59 PM, Eastern
Daylight Time, on Monday, July 27, 2020.

• Late applications will not be considered.
• FNS will not consider additions or revisions to applications once they are submitted.
• Grant awards are subject to the availability of funding and/or appropriations of funds.

If you have further questions on this grant opportunity, please contact your FNS Regional Office.

/s/

Sasha Gersten-Paal
Director, Program Development Division
Supplemental Nutrition Assistance Program

Enclosure

Appendix

Grant to Evaluate the use of Automated Income Data Sources (e.g., the Work Number) for SNAP Income Verification
Preliminary overview of data and informational requirements for participant states:

State Procedural Information

- Name of automated income data source(s) used by the state (e.g., the Work Number)
- On average how many days elapse between a request and a response for information from the automated income data source(s)?
- How does the state settle differences between applicant statements and information obtained from the automated income data source(s)?
- Is the automated income data source(s) data ever incorrect? If so, how often?
- Is the automated income data source(s) used to verify monthly income reported by the household, discover unreported income or both?
- How is the automated income data source(s) data used to support projection of expected income over the certification period?
- How are eligibility workers' decisions on when to use the automated income data source(s) guided or monitored by the State?
- Are applicants asked for verification of earned income prior to checking the automated income data source(s)? If verification is provided by the household, is the automated income data source(s) information still obtained?
- How many months of pay verification is provided by the automated income data source(s); do additional months increase costs?
- What criteria (if any) are local offices and workers directed to use in using the automated income data source(s) for different households? Can they use independent case-by-case judgements?
- Is there a limit on the number of times the automated income data source(s) can be used by a local office or the State as a whole?
- What are the workers' next steps in processing cases reporting earned income when the automated income data source(s) is unable to provide information?

Case Data to be Provided

For data gathering, States would use the initial certifications, periodic reports and re-certifications for all cases in any 6-month period in Calendar Year 2019.
- Total number of cases with an initial certification, re-certification or periodic report during the 6-month period:
- Total number of cases reporting earned income for which the automated income data source(s) was used:
- Total number of cases reporting zero earned income for which the automated income data source(s) was used:
- Total number of cases in which the automated income data source(s) detected earned income in cases that report no earnings:

- Total number of cases for which the automated income data source(s) was unable to provide earned income information for cases reporting zero earned income:
- Total number of cases for which the automated income data source(s) was unable to provide information for cases reporting earned income:
- Provide the number of the initial, recertification, and periodic reports for which for which the automated income data source(s) was used
    - Certification
    - Recertification
    - Periodic Report
- Can the State provide information regarding how often and by how much the income information from the automated income data source(s) changes the HHs' benefits (i.e., income supplied by the automated income data source(s) is significantly different from what applicant reported for same month)?

Impacts

- Is automated income data source(s) data used for purposes of identifying and pursuing claims? For example, are claims pursued based upon automated income data source(s) information over multiple months?
- Are households informed of the State's usage of the automated income data source(s) told as a deterrent to incorrect reporting (match publicized)?
- If available, provide the estimated administrative savings and methodology for the estimate.   Does using the automated income data source(s) affect timely case processing? If so, please describe how.
- Is the automated income data source(s) used for fraud detection? How many referrals and IPVs during the 6-month period:
- Can the State estimate the effect of the automated income data source(s) on its payment error rate? If so, please provide the methodology and the estimated impact. How much did using the automated income data source(s) cost the State during the 6-month period?