



Food and
Nutrition
Service

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TO: Regional Directors
Supplemental Nutrition Assistance Program
All Regions

As you are aware, the Food and Nutrition Services (FNS) offered State agencies the opportunity to test whether using Quarterly Wage Report (QWR) data was sufficiently accurate to verify and project earned income in certain Supplemental Nutrition Assistance Program (SNAP) cases. Two State agencies, Texas and Utah, agreed to participate and run projects that ran through 2014 and 2015. FNS was interested in exploring this opportunity to test a procedure that would better align SNAP processes with Medicaid and whether such a procedure would improve application processing timeliness.

We appreciate the time and attention that Utah and Texas put into this project. The evaluation information they submitted has assisted FNS in determining the potential for using QWR data in the SNAP eligibility process.

Overall, the data indicates that the QWR data is less accurate than current verification practices for earned income. About two-thirds of the time, the month of application provided a better estimate of income than QWR data during the certification period. Please see the attached summary of the evaluation results from the pilots. Consequently, FNS cannot view QWR as a practical option for the accurate certification of SNAP households. Therefore, States should be aware that using QWR data to verify income for SNAP purposes may lead to inaccuracies in the SNAP benefit determination and that any Quality Control (QC) errors that result will be included in the State agency's error rate.

FNS is committed to continuing to working with the Centers for Medicaid and Medicaid assistance to find ways to allow States to streamline administration of SNAP and Medicaid, including the ability to soon share information from all data sources available to either program.

Please share this memo with your State agencies. If you have any question or concerns, please contact Sasha Gersten-Paal at sasha.gersten-paal@fns.usda.gov.

Sincerely,

Lizbeth Silberman
Director
Program Development Division

Attachment

SNAP Quarterly Wage Reporting Projects

Background

The Food and Nutrition Service (FNS) is supportive of using new approaches to streamline administration of the Supplemental Nutrition Assistance Program (SNAP) generally and States' ability to integrate administration of SNAP and Medicaid in particular. One of the non-statutory differences between SNAP and Medicaid is the standard for verifying earned income. SNAP policy emphasizes using the income verification from the month of application (MOA). In the newer Medicaid model, earned income is generally verified through QWR. QWR is available on-line through the State data hubs and from State labor agencies for determining Medicaid eligibility.

States have suggested that using QWR data for SNAP can simplify and accelerate application approvals while reducing costs for both States and applicants by better aligning SNAP and Medicaid. This could reduce the need to delay application processing while awaiting verification. However, the data available through QWR is relatively older and highly aggregated which raises concerns regarding its accuracy when used in the SNAP benefit determination.

Furthermore, QWR does not offer the detail on hours worked (may be needed to verify that work requirements are being met) or trends or fluctuations in earnings that payroll documents do. The need for more precise income projections to determine benefit amounts beyond basic eligibility is a key difference between SNAP and Medicaid.

Since FNS knew very little about how accurate quarterly wage information is in predicting future income, FNS offered States an opportunity to participate in a QWR pilot project using QWR data for income verification at the time of SNAP certifications.

- Texas and Utah volunteered to participate in the pilot. QWR data from States' Departments of Labor was used (the same data that is available through the Medicaid Hub). Both States agreed to evaluate the impact of using QWR on a random sample of approximately 200 cases per year.
- FNS required reporting on several data elements from these cases, including the household's income estimated based upon QWR data, the household's verified income in the MOA, and the household's income in the sample month.
- FNS used this data to estimate differences in household benefits and to examine the relative accuracy of the methods relative to income during the certification (using QC like sample months).

Findings from the pilots

Accuracy of Data:

- Income verified in the MOA was a better predictor of income during the certification period (as represented by the sample month income) in the majority of cases.
 - In Texas, MOA was a better predictor of income during the certification period 63% of the time.
 - In Utah, MOA was a better predictor 64% of the time.
 - QWR was a better predictor of income during the certification period in only about one-third of cases in both States.

Impact on Benefit Amount:

- Using income estimated from QWR data rather than income verified in the MOA resulted in monthly benefits that were larger on average.
- In Texas, using QWR resulted in about \$9 more in SNAP benefits per household per month.
- This overpayment amount includes 42% of households that received a smaller benefit (on average \$34 less) using QWR than using MOA, and another 49% received a larger benefit (on average \$47 more) using QWR.
- In Utah, the estimated average benefit difference was \$28, significantly higher than the \$9 difference in Texas. Again, this average benefit difference is comprised of much larger underpayments and overpayments.

Conclusions

Based upon the two pilots, the MOA is a significantly better predictor of the earned income households will receive during the certification period. In nearly two-thirds of cases, income verified in the MOA was closer to income verified in the sample month.

- Of special concern were under-issuances to eligible households. In both pilots, about 40 percent of households received a smaller benefit using QWR income than they would have received using MOA income. In Texas, the average underpayment was an estimated \$34; in Utah, the average underpayment was \$75, with substantial variation from case to case.
- Using QWR would result in higher federal benefit costs, more and larger under-issuances to eligible households and potentially higher error rates.
- While results from both pilot projects were similar in most respects, the reasons for differences in estimated benefits between Texas and Utah are not clear and raise concerns that the cost of using QWR could be even greater.

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Based upon the above information from the pilots FNS does not believe that the use of QWR to verify SNAP households' income is a prudent option for States to adopt. Therefore, FNS encourages the continued use of verified MOA income to more accurately benefit control SNAP costs and error rates and avoid under-issuances to needy families.