State of New Jersey
OFFICE OF THE GOVERNOR
P.O. Box 001
TRENTON, NJ 08625-0001

MIKIE SHERRILL
Governor

April 29, 2026

The Honorable Cory Booker
U.S. Senate
306 Hart Senate Office Building
Washington, DC 20510

Dear Senator Booker:

The State of New Jersey is committed to ensuring that families have reliable access to nutritious food. Addressing food insecurity, especially for children, is a basic building block for future success. New Jersey's Supplemental Nutrition Assistance Program, SNAP, helps families—of participants, over 40 percent are children, one in three individuals with disabilities, and one in five seniors ages 60 years and older—access affordable, nourishing foods at more than 6,000 retailers across New Jersey.

However, because of the Trump Administration's policies – namely H.R.1 – our progress in driving down food insecurity is at risk. This is significantly due to the misapplication of payment error rates, which is compounding pressures from more than 47,000 New Jerseyans being stripped of their benefits due to new work requirements and roughly $99 million in SNAP administrative cost shifts.

In New Jersey, our priority is feeding our families. Rather than creating unnecessary red tape and barriers to benefits, we prioritize real payment accuracy and streamlining. New Jersey continues to work concertedly to improve program integrity through updating systems and processes, enhancing technical assistance to counties, and more.

The SNAP cost shift provisions tied to the PER should be eliminated altogether in any legislation that addresses food and nutrition assistance. At a minimum, I respectfully urge you to work with your colleagues to include a delay, until at least FFY2030, for the onset of the SNAP cost shift. Delaying the SNAP cost shift is supported on a bipartisan basis among the nation's Governors.[1]

Cost shifting provisions are placing increased burdens on New Jersey without adding significant value to the SNAP program. This includes applying a fundamentally flawed metric—the USDA's payment error rate (PER)—to dictate whether New Jersey taxpayers must absorb hundreds of millions of dollars.

[1] https://www.nga.org/advocacy-communications/letters-nga/nga-joins-coalition-letter-outlining-snap-recommendations/

As detailed in the enclosed letter from Human Services Commissioner Cha:

1. The USDA's PER is not an appropriate measurement tool for the federal government's stated purposes.
2. New Jersey has a history of receiving inaccurate and unreliable PER calculations from the USDA.
3. Use of the PER as a basis for the SNAP cost shift results in duplication of existing fines on high error rates.
4. No official process exists for states to challenge errors in USDA calculations.
5. The cost shift is scheduled to apply to PERs from before full federal guidance on major SNAP policy changes.
6. The PER cost shift will cost New Jersey another $98-293 million each year to deliver essential food assistance to families. This is on top of the approximately $99 million already imposed by annual SNAP administration cost shifts.

While our collective battle to deliver food security is far from over, SNAP has been in valuable in ensuring access to nourishing options for about 850,000 New Jerseyans. We rely upon sustained federal partnerships and resources to continue facilitating this important progress. Thank you.

Sincerely,

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DR. DALE G. CALDWELL
Lt. Governor

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Commissioner

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Dear Senator Booker:

I am writing to you as the Commissioner of the New Jersey Department of Human Services to express my deep concerns about the impact of the dramatic shift of the costs of the Supplemental Nutrition Assistance Program (SNAP) from the federal government to the states, and the inappropriate use of states' payment error rates (PERs) to calculate these new state costs, as detailed in H.R. 1 (formally titled the One Big Beautiful Bill Act).

The State of New Jersey has major concerns about the SNAP cost shift based on PERs and the potential for hundreds of millions of dollars to be shifted onto New Jersey taxpayers. For the reasons outlined below, the SNAP cost shift provisions should be eliminated altogether. At a minimum, I respectfully urge you to work with your colleagues to delay until at least FFY2030 the onset of the SNAP cost shift.

Overview

Beginning in Federal Fiscal Year (FFY) 2028, H.R. 1 will require, for the first time in our nation's history, that states contribute to the cost of SNAP benefits based on the United States Department of Agriculture's (USDA) calculation of the state's PER. This is an inappropriate and flawed metric for this purpose—it is not the most effective tool available to encourage administrative accuracy while reducing waste, fraud, and abuse. The cost shift provision in H.R. 1 both fails to advance that goal and will inflict significant harm on New Jersey residents. As detailed below:

1. The PER is not, and has never been, an appropriate metric for assessing SNAP waste, fraud, and abuse;
2. USDA's approach to calculating states' PERs is not sufficiently accurate nor reliable to underlie an enormous cost share liability;
3. Using the PER for the SNAP cost shift is duplicative and inappropriate;
4. H.R. 1 fails to provide any due process provisions for challenging USDA's calculation of a state's PER;
5. Cost shift liability should be postponed due to USDA's delayed and unclear implementation of H.R. 1's significant SNAP policy changes; and

6. New Jersey cannot financially sustain H.R. 1's shift of the economic burden of SNAP to the states. Roughly 850,000 New Jerseyans rely on SNAP to nourish their families.

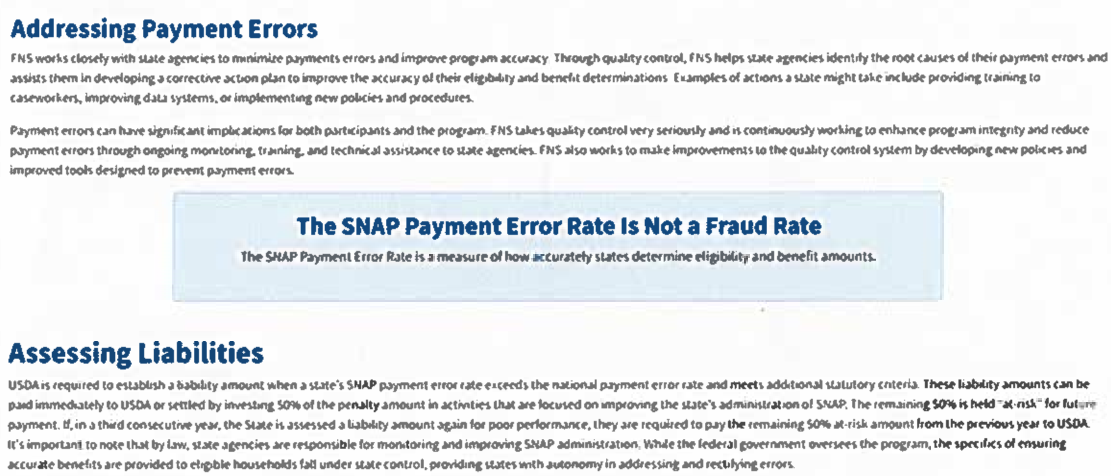
Under H.R. 1, if the state's PER is at or above 6% as calculated by USDA, the state must contribute to the SNAP benefit costs at rates ranging from 5% to 15% of the total SNAP allotments, which translates anywhere from $98 to $293 million annually for the State of New Jersey. Since the PER from either FFY 2025 or 2026 will be used to calculate the applicable benefit cost share for FFY 2028, H.R. 1 has already locked New Jersey into costs without a chance to adapt.

Payment accuracy is and always has been a priority for New Jersey. We have implemented significant measures to improve payment accuracy, including system updates, streamlining processes, providing state staff support to administering counties, creating a state-level corrective action team, and developing detailed analytic tools for SNAP caseloads and payment errors.

1. The PER is not an appropriate metric for assessing SNAP waste, fraud, and abuse.

The PER is not, and has never been, a measure for rooting out fraud and/or waste. Using the PER as the metric to reduce the federal contribution for a food benefit for individuals is ungrounded, unprecedented, and harmful to state and county governments, and to the individuals who we serve.

The USDA has repeatedly expressed that the purpose of the quality control process and resulting PER is to ensure that eligible SNAP recipients get the correct amount of benefits, and to identify areas for states to improve their programs. In printed material, on its websites, and in official guidance, the USDA has repeatedly stated that "the PER is not a fraud rate" and has reiterated that "[p]ayment errors are <u>largely unintentional</u> and may be on the part of the state agency or the SNAP household. For example, the state agency incorrectly calculates a household's expenses, or a client forgets to provide the state with an update on their income."[2]



Addressing Payment Errors

FNS works closely with state agencies to minimize payments errors and improve program accuracy. Through quality control, FNS helps state agencies identify the root causes of their payment errors and assists them in developing a corrective action plan to improve the accuracy of their eligibility and benefit determinations. Examples of actions a state might take include providing training to caseworkers, improving data systems, or implementing new policies and procedures.

Payment errors can have significant implications for both participants and the program. FNS takes quality control very seriously and is continuously working to enhance program integrity and reduce payment errors through ongoing monitoring, training, and technical assistance to state agencies. FNS also works to make improvements to the quality control system by developing new policies and improved tools designed to prevent payment errors.

The SNAP Payment Error Rate Is Not a Fraud Rate

The SNAP Payment Error Rate is a measure of how accurately states determine eligibility and benefit amounts.

Assessing Liabilities

USDA is required to establish a liability amount when a state's SNAP payment error rate exceeds the national payment error rate and meets additional statutory criteria. These liability amounts can be paid immediately to USDA or settled by investing 50% of the penalty amount in activities that are focused on improving the state's administration of SNAP. The remaining 50% is held "at-risk" for future payment. If, in a third consecutive year, the State is assessed a liability amount again for poor performance, they are required to pay the remaining 50% at-risk amount from the previous year to USDA. It's important to note that by law, state agencies are responsible for monitoring and improving SNAP administration. While the federal government oversees the program, the specifics of ensuring accurate benefits are provided to eligible households fall under state control, providing states with autonomy in addressing and rectifying errors.

Figure 1: This is a screenshot of the USDA webpage for the SNAP Quality Control program from June of 2025.

Moreover, the PER is not reflective of federal waste, since it is a combination of both under- and over-issuances. For example, if quality control (QC) reviews find that, over the course of a full year, $2,000 was

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over-issued and $2,000 was under-issued, this scenario would represent $0 in additional Federal SNAP costs. Both scenarios are issues to rectify; in no case should this scenario lead to a loss of federal contribution to food benefits.

2. **USDA's approach to calculating states' PERs is not sufficiently accurate nor reliable to underlie an enormous cost share liability.**

There are multiple instances where SNAP regulations do not align with QC rules,[3] thereby creating payment errors despite State agencies following federal regulations correctly. Moreover, USDA's published PERs do not always match USDA's own calculation methodology. New Jersey's experience over the past few years demonstrates these shortcomings, exposing some major flaws in how USDA has determined our PER.

In FFY 2023 and 2024, USDA made substantive changes to the Food and Nutrition Service (FNS) 310 Handbook (the federal manual that dictates how SNAP QC reviews are conducted), which resulted in an inflated PER for New Jersey for those years. New Jersey submitted written objections to USDA on June 1, 2023 regarding those changes and their effect on our PER, outlining how they did not align with federal regulations and Congressional intent. The State of New Jersey formally requested that the USDA withhold publication of the PER, dismiss claims established against households based on erroneous QC findings, refund payments to households, and hold states harmless for any errors incurred due to this. However, no response was received from FNS.

In December 2024, the USDA issued a QC policy memo with a retroactive policy reversal for FFY 2024. If that policy reversal had been applied to New Jersey's QC cases for FFY 2023, our PER would have decreased from 35.70% to 4.91%. Although the policy reversal did apply retroactively to FFY 2024, it was incorrectly applied—inflating our PER to 14.33% when it should have been 5.65%. These massive discrepancies demonstrate the fundamental flaws in the current PER system. If the cost shift provision of H.R. 1 required the use of FFY 2023 or FFY 2024 PER instead of FFY 2025, this discrepancy would have unjustly cost the State of New Jersey $293 million dollars.

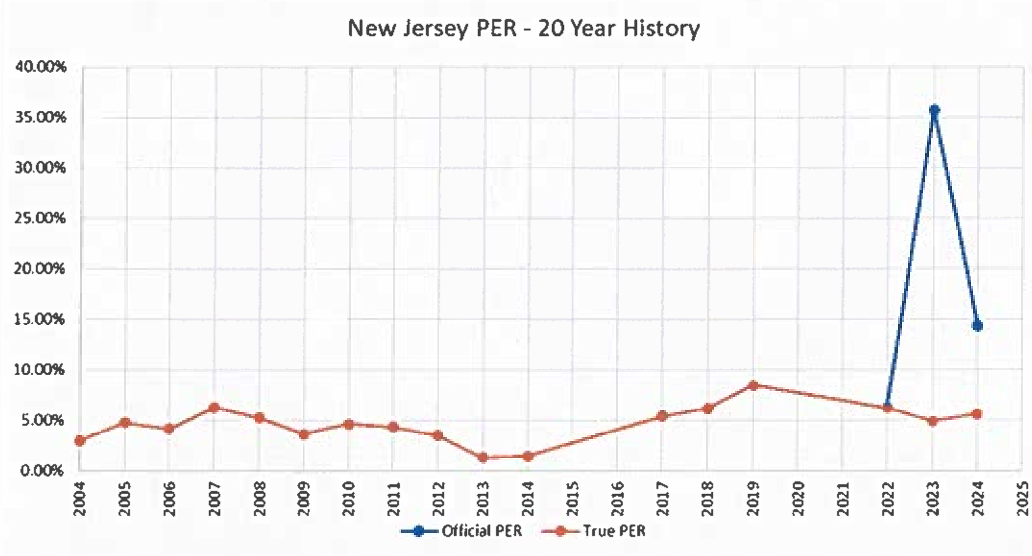

Figure 2. New Jersey payment error rates over time demonstrate the substantive impact of the 310 Handbook changes that implemented the inclusion of administrative errors in the PER. Under the revised December 2024 policy memo, NJ's 2023 true PER would be 4.91% and the 2024 true PER would be 5.65%.

[3] 7 CFR 275.12(d)(3) specifically excludes administrative deficiencies such as a missing application or overdue recertification from the payment error rate. FNS implemented changes to sections 751 and 752 the 310 Handbook which mandated the inclusion of these administrative deficiencies in the error rate.

3. **Using the PER for the SNAP cost shift is duplicative and inappropriate.**

Longstanding federal quality control laws already impose a financial liability on States if their PERs exceed a national benchmark for two consecutive years. This liability is assessed directly upon the State, and not on the federal contribution to benefits. The PER was specifically designed to assess this liability amount using QC data; and, prior to H.R. 1, it was never contemplated that the PER would be used in a cost shift context nor impact the federal contribution to benefits. Not only is the PER not designed for cost shift purposes, but the PER is now used to impose two separate and distinct financial penalties for exactly the same circumstance. Having multiple financial penalties from a single metric is duplicative and inappropriate.

4. **H.R. 1 fails to provide any mechanism for challenging USDA's calculation of a state's PER.**

Despite the unprecedented policy change of reducing federal contribution for food benefits by hundreds of millions of dollars, the benefit cost shift provision in H.R. 1 does not include any due process provisions for a state to appeal or dispute the PER published by the USDA. Current law only permits a state to appeal a PER if the state is assessed as a QC liability for the second year in which the state exceeds 105% of the national average.

Benefit cost shifts represent a larger financial risk to states than the QC liability amounts, yet H.R. 1 failed to provide any transparency or due process mechanism for a state to appeal FNS' determination of a PER. An appeal process should be included in the statute prior to the implementation of the cost shift provision of H.R. 1, particularly given the discrepancies over time and the discrepancies between the QC handbook and federal regulations detailed in section #2 above.

5. **Cost shift liability should be postponed due to USDA's delayed and unclear implementation of H.R. 1's significant SNAP policy changes.**

H.R. 1 included complex federal changes to SNAP policies relating to Able Bodied Adults Without Dependents (ABAWDs), non-citizen eligibility, and heating and cooling deductions. USDA has implemented these significant policy changes with delayed and/or inadequate guidance. Although New Jersey will continue to do our best to train over 4,000 county social services agencies' employees on the new policies, the lack of clear guidance has made it difficult or impossible for us to consistently implement the new law optimally in FFY 2025 and 2026. New Jersey has had to sue in order to meaningfully escalate errors in USDA's guidance and prompt USDA to issue updated, corrected guidance. Accordingly, so that New Jersey and other states do not incur enormous financial liabilities based on payment errors directly attributable to USDA's inadequate implementation of new SNAP policies, the cost shift liability should be postponed until at least FFY 2030, using the PER from FFY 2027.

6. **New Jersey cannot financially sustain H.R. 1's shift of the economic burden of SNAP to the states.**

H.R. 1 already incorporates a change in administrative costs that is straining county governments. Before H.R. 1, the federal government covered 50% of administrative costs. Starting in FFY 2027, that amount will be lowered to 25%, meaning that the State agency and County government partners will already need to cover approximately $99 million in additional costs here in New Jersey each and every year. When we compound that with the additional potential SNAP cost shift of $98-293 million each year, this potential cumulative burden of hundreds of millions of dollars each year becomes untenable. The cost shifts threaten both State government and County partners' budgets and, as a result, our ability to deliver social services to our most vulnerable residents.

Conclusion

The H.R. 1 PER-based cost shift provisions do not improve payment accuracy nor address waste, fraud, and/or abuse, and create a substantial burden on our State and County administrations that threatens our ability to address the critical needs of low-income families across our State. While we urge the elimination of cost shift provisions entirely, we recommend at minimum postponing the implementation of the SNAP cost shift to allow sufficient time to address the many concerns and inconsistencies in its implementation.

Delaying the H.R. 1 cost shift provisions until at least FFY 2030, using the FFY 2027 PER, will ensure that States are held accountable for program errors only after clear policy guidance on complicated federal program changes has been provided and fully implemented. FFY 2030 is the same year that H.R. 1 already permits those states with the highest PERs to implement the cost-share provision. This request to delay the onset echoes the proposals set forth by the National Governors Association,[4] the American Public Human Services Association, the National Association of Counties, the National Conference of State Legislatures, the National Association of County Human Services Administrators, the National League of Cities, the International County/City management Association, the U.S. Conference of Mayors, the Council of State Governments, and many other state and local agencies.

Thank you for your consideration, and please feel free to contact me for more information or if you have questions.

Sincerely,

Stephen Cha
Commissioner

[4] *NGA Joins Coalition Letter Outlining Snap Recommendations*. National Governors Association. (2026, January 8). https://www.nga.org/advocacy-communications/letters-nga/nga-joins-coalition-letter-outlining-snap-recommendations/

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Overview

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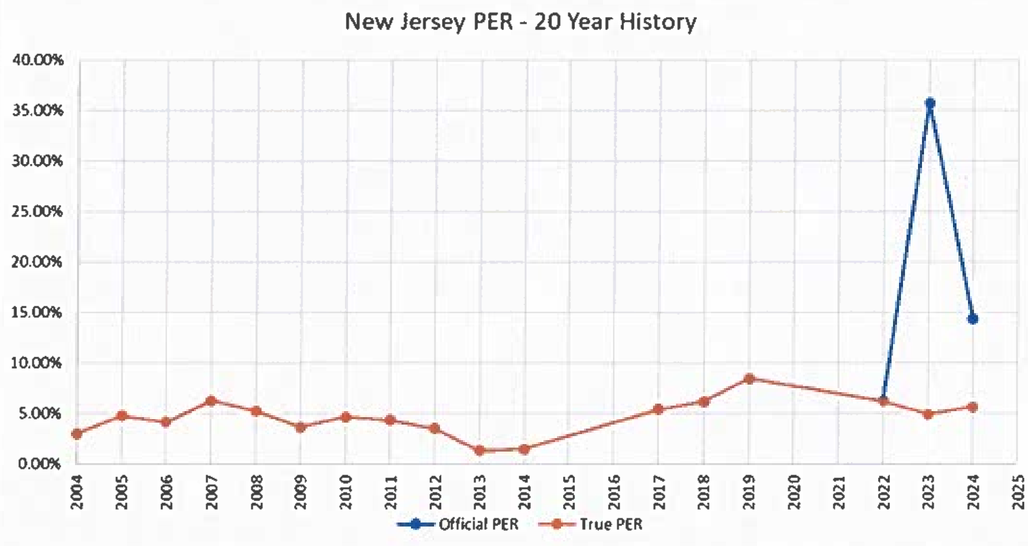

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H.R. 1 already incorporates a change in administrative costs that is straining county governments. Before H.R. 1, the federal government covered 50% of administrative costs. Starting in FFY 2027, that amount will be lowered to 25%, meaning that the State agency and County government partners will already need to cover approximately $99 million in additional costs here in New Jersey each and every year. When we compound that with the additional potential SNAP cost shift of $98-293 million each year, this potential cumulative burden of hundreds of millions of dollars each year becomes untenable. The cost shifts threaten both State government and County partners' budgets and, as a result, our ability to deliver social services to our most vulnerable residents.

Conclusion

The H.R. 1 PER-based cost shift provisions do not improve payment accuracy nor address waste, fraud, and/or abuse, and create a substantial burden on our State and County administrations that threatens our ability to address the critical needs of low-income families across our State. While we urge the elimination of cost shift provisions entirely, we recommend at minimum postponing the implementation of the SNAP cost shift to allow sufficient time to address the many concerns and inconsistencies in its implementation.

Delaying the H.R. 1 cost shift provisions until at least FFY 2030, using the FFY 2027 PER, will ensure that States are held accountable for program errors only after clear policy guidance on complicated federal program changes has been provided and fully implemented. FFY 2030 is the same year that H.R. 1 already permits those states with the highest PERs to implement the cost-share provision. This request to delay the onset echoes the proposals set forth by the National Governors Association,[4] the American Public Human Services Association, the National Association of Counties, the National Conference of State Legislatures, the National Association of County Human Services Administrators, the National League of Cities, the International County/City management Association, the U.S. Conference of Mayors, the Council of State Governments, and many other state and local agencies.

Thank you for your consideration, and please feel free to contact me for more information or if you have questions.

Sincerely,

Stephen Cha
Commissioner

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[4] *NGA Joins Coalition Letter Outlining Snap Recommendations*. National Governors Association. (2026, January 8). https://www.nga.org/advocacy-communications/letters-nga/nga-joins-coalition-letter-outlining-snap-recommendations/

State of New Jersey
OFFICE OF THE GOVERNOR
P.O. Box 001
TRENTON, NJ 08625-0001

MIKIE SHERRILL
Governor

April 29, 2026

The Honorable Nellie Pou
U.S. House of Representatives
1007 Longworth House Office Building
Washington, DC 20515

Dear Representative Pou:

The State of New Jersey is committed to ensuring that families have reliable access to nutritious food. Addressing food insecurity, especially for children, is a basic building block for future success. New Jersey's Supplemental Nutrition Assistance Program, SNAP, helps families—of participants, over 40 percent are children, one in three individuals with disabilities, and one in five seniors ages 60 years and older—access affordable, nourishing foods at more than 6,000 retailers across New Jersey.

However, because of the Trump Administration's policies – namely H.R.1 – our progress in driving down food insecurity is at risk. This is significantly due to the misapplication of payment error rates, which is compounding pressures from more than 47,000 New Jerseyans being stripped of their benefits due to new work requirements and roughly $99 million in SNAP administrative cost shifts.

In New Jersey, our priority is feeding our families. Rather than creating unnecessary red tape and barriers to benefits, we prioritize real payment accuracy and streamlining. New Jersey continues to work concertedly to improve program integrity through updating systems and processes, enhancing technical assistance to counties, and more.

The SNAP cost shift provisions tied to the PER should be eliminated altogether in any legislation that addresses food and nutrition assistance. At a minimum, I respectfully urge you to work with your colleagues to include a delay, until at least FFY2030, for the onset of the SNAP cost shift. Delaying the SNAP cost shift is supported on a bipartisan basis among the nation's Governors.[1]

Cost shifting provisions are placing increased burdens on New Jersey without adding significant value to the SNAP program. This includes applying a fundamentally flawed metric—the USDA's payment error rate (PER)—to dictate whether New Jersey taxpayers must absorb hundreds of millions of dollars.

[1] https://www.nga.org/advocacy-communications/letters-nga/nga-joins-coalition-letter-outlining-snap-recommendations/

As detailed in the enclosed letter from Human Services Commissioner Cha:

1. The USDA's PER is not an appropriate measurement tool for the federal government's stated purposes.
2. New Jersey has a history of receiving inaccurate and unreliable PER calculations from the USDA.
3. Use of the PER as a basis for the SNAP cost shift results in duplication of existing fines on high error rates.
4. No official process exists for states to challenge errors in USDA calculations.
5. The cost shift is scheduled to apply to PERs from before full federal guidance on major SNAP policy changes.
6. The PER cost shift will cost New Jersey another $98-293 million each year to deliver essential food assistance to families. This is on top of the approximately $99 million already imposed by annual SNAP administration cost shifts.

While our collective battle to deliver food security is far from over, SNAP has been invaluable in ensuring access to nourishing options for about 850,000 New Jerseyans. We rely upon sustained federal partnerships and resources to continue facilitating this important progress. Thank you.

Sincerely,

Mikie Sherrill
Governor

MIKIE SHERRILL
Governor

DR. DALE G. CALDWELL
Lt. Governor

State of New Jersey
DEPARTMENT OF HUMAN SERVICES
P.O. Box 700
Trenton, NJ 08625

STEPHEN CHA, MD, MHSR
Commissioner

April 28, 2026

The Honorable Nellie Pou
U.S. House of Representatives
1007 Longworth House Office Building
Washington, DC 20515

Dear Representative Pou:

I am writing to you as the Commissioner of the New Jersey Department of Human Services to express my deep concerns about the impact of the dramatic shift of the costs of the Supplemental Nutrition Assistance Program (SNAP) from the federal government to the states, and the inappropriate use of states' payment error rates (PERs) to calculate these new state costs, as detailed in H.R. 1 (formally titled the One Big Beautiful Bill Act).

The State of New Jersey has major concerns about the SNAP cost shift based on PERs and the potential for hundreds of millions of dollars to be shifted onto New Jersey taxpayers. For the reasons outlined below, the SNAP cost shift provisions should be eliminated altogether. At a minimum, I respectfully urge you to work with your colleagues to delay until at least FFY2030 the onset of the SNAP cost shift.

Overview

Beginning in Federal Fiscal Year (FFY) 2028, H.R. 1 will require, for the first time in our nation's history, that states contribute to the cost of SNAP benefits based on the United States Department of Agriculture's (USDA) calculation of the state's PER. This is an inappropriate and flawed metric for this purpose—it is not the most effective tool available to encourage administrative accuracy while reducing waste, fraud, and abuse. The cost shift provision in H.R. 1 both fails to advance that goal and will inflict significant harm on New Jersey residents. As detailed below:

1. The PER is not, and has never been, an appropriate metric for assessing SNAP waste, fraud, and abuse;
2. USDA's approach to calculating states' PERs is not sufficiently accurate nor reliable to underlie an enormous cost share liability;
3. Using the PER for the SNAP cost shift is duplicative and inappropriate;
4. H.R. 1 fails to provide any due process provisions for challenging USDA's calculation of a state's PER;
5. Cost shift liability should be postponed due to USDA's delayed and unclear implementation of H.R. 1's significant SNAP policy changes; and

6. New Jersey cannot financially sustain H.R. 1's shift of the economic burden of SNAP to the states. Roughly 850,000 New Jerseyans rely on SNAP to nourish their families.

Under H.R. 1, if the state's PER is at or above 6% as calculated by USDA, the state must contribute to the SNAP benefit costs at rates ranging from 5% to 15% of the total SNAP allotments, which translates anywhere from $98 to $293 million annually for the State of New Jersey. Since the PER from either FFY 2025 or 2026 will be used to calculate the applicable benefit cost share for FFY 2028, H.R. 1 has already locked New Jersey into costs without a chance to adapt.

Payment accuracy is and always has been a priority for New Jersey. We have implemented significant measures to improve payment accuracy, including system updates, streamlining processes, providing state staff support to administering counties, creating a state-level corrective action team, and developing detailed analytic tools for SNAP caseloads and payment errors.

1. **The PER is not an appropriate metric for assessing SNAP waste, fraud, and abuse.**

The PER is not, and has never been, a measure for rooting out fraud and/or waste. Using the PER as the metric to reduce the federal contribution for a food benefit for individuals is ungrounded, unprecedented, and harmful to state and county governments, and to the individuals who we serve.

The USDA has repeatedly expressed that the purpose of the quality control process and resulting PER is to ensure that eligible SNAP recipients get the correct amount of benefits, and to identify areas for states to improve their programs. In printed material, on its websites, and in official guidance, the USDA has repeatedly stated that "the PER is not a fraud rate" and has reiterated that "[p]ayment errors are <u>largely unintentional</u> and may be on the part of the state agency or the SNAP household. For example, the state agency incorrectly calculates a household's expenses, or a client forgets to provide the state with an update on their income."[2]

Addressing Payment Errors

FNS works closely with state agencies to minimize payments errors and improve program accuracy. Through quality control, FNS helps state agencies identify the root causes of their payment errors and assists them in developing a corrective action plan to improve the accuracy of their eligibility and benefit determinations. Examples of actions a state might take include providing training to caseworkers, improving data systems, or implementing new policies and procedures.

Payment errors can have significant implications for both participants and the program. FNS takes quality control very seriously and is continuously working to enhance program integrity and reduce payment errors through ongoing monitoring, training, and technical assistance to state agencies. FNS also works to make improvements to the quality control system by developing new policies and improved tools designed to prevent payment errors.

The SNAP Payment Error Rate Is Not a Fraud Rate

The SNAP Payment Error Rate is a measure of how accurately states determine eligibility and benefit amounts.

Assessing Liabilities

USDA is required to establish a liability amount when a state's SNAP payment error rate exceeds the national payment error rate and meets additional statutory criteria. These liability amounts can be paid immediately to USDA or settled by investing 50% of the penalty amount in activities that are focused on improving the state's administration of SNAP. The remaining 50% is held "at-risk" for future payment. If, in a third consecutive year, the State is assessed a liability amount again for poor performance, they are required to pay the remaining 50% at-risk amount from the previous year to USDA. It's important to note that by law, state agencies are responsible for monitoring and improving SNAP administration. While the federal government oversees the program, the specifics of ensuring accurate benefits are provided to eligible households fall under state control, providing states with autonomy in addressing and rectifying errors.

Figure 1: This is a screenshot of the USDA webpage for the SNAP Quality Control program from June of 2025.

Moreover, the PER is not reflective of federal waste, since it is a combination of both under- and over-issuances. For example, if quality control (QC) reviews find that, over the course of a full year, $2,000 was

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2. **USDA's approach to calculating states' PERs is not sufficiently accurate nor reliable to underlie an enormous cost share liability.**

There are multiple instances where SNAP regulations do not align with QC rules,[3] thereby creating payment errors despite State agencies following federal regulations correctly. Moreover, USDA's published PERs do not always match USDA's own calculation methodology. New Jersey's experience over the past few years demonstrates these shortcomings, exposing some major flaws in how USDA has determined our PER.

In FFY 2023 and 2024, USDA made substantive changes to the Food and Nutrition Service (FNS) 310 Handbook (the federal manual that dictates how SNAP QC reviews are conducted), which resulted in an inflated PER for New Jersey for those years. New Jersey submitted written objections to USDA on June 1, 2023 regarding those changes and their effect on our PER, outlining how they did not align with federal regulations and Congressional intent. The State of New Jersey formally requested that the USDA withhold publication of the PER, dismiss claims established against households based on erroneous QC findings, refund payments to households, and hold states harmless for any errors incurred due to this. However, no response was received from FNS.

In December 2024, the USDA issued a QC policy memo with a retroactive policy reversal for FFY 2024. If that policy reversal had been applied to New Jersey's QC cases for FFY 2023, our PER would have decreased from 35.70% to 4.91%. Although the policy reversal did apply retroactively to FFY 2024, it was incorrectly applied—inflating our PER to 14.33% when it should have been 5.65%. These massive discrepancies demonstrate the fundamental flaws in the current PER system. If the cost shift provision of H.R. 1 required the use of FFY 2023 or FFY 2024 PER instead of FFY 2025, this discrepancy would have unjustly cost the State of New Jersey $293 million dollars.

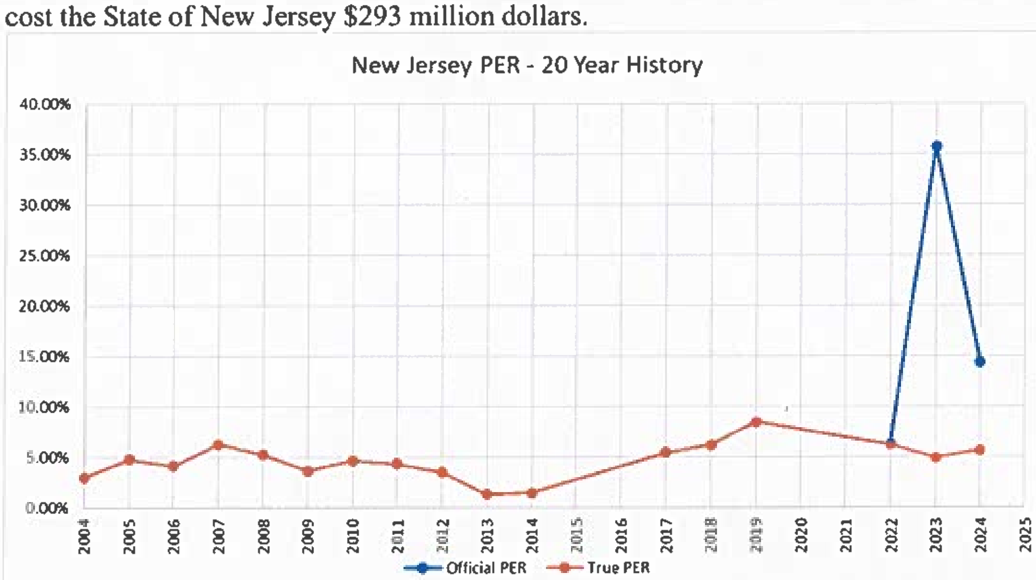

Figure 2. New Jersey payment error rates over time demonstrate the substantive impact of the 310 Handbook changes that implemented the inclusion of administrative errors in the PER. Under the revised December 2024 policy memo, NJ's 2023 true PER would be 4.91% and the 2024 true PER would be 5.65%.

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[3] 7 CFR 275.12(d)(3) specifically excludes administrative deficiencies such as a missing application or overdue recertification from the payment error rate. FNS implemented changes to sections 751 and 752 the 310 Handbook which mandated the inclusion of these administrative deficiencies in the error rate.

3. Using the PER for the SNAP cost shift is duplicative and inappropriate.

Longstanding federal quality control laws already impose a financial liability on States if their PERs exceed a national benchmark for two consecutive years. This liability is assessed directly upon the State, and not on the federal contribution to benefits. The PER was specifically designed to assess this liability amount using QC data; and, prior to H.R. 1, it was never contemplated that the PER would be used in a cost shift context nor impact the federal contribution to benefits. Not only is the PER not designed for cost shift purposes, but the PER is now used to impose two separate and distinct financial penalties for exactly the same circumstance. Having multiple financial penalties from a single metric is duplicative and inappropriate.

4. H.R. 1 fails to provide any mechanism for challenging USDA's calculation of a state's PER.

Despite the unprecedented policy change of reducing federal contribution for food benefits by hundreds of millions of dollars, the benefit cost shift provision in H.R. 1 does not include any due process provisions for a state to appeal or dispute the PER published by the USDA. Current law only permits a state to appeal a PER if the state is assessed as a QC liability for the second year in which the state exceeds 105% of the national average.

Benefit cost shifts represent a larger financial risk to states than the QC liability amounts, yet H.R. 1 failed to provide any transparency or due process mechanism for a state to appeal FNS' determination of a PER. An appeal process should be included in the statute prior to the implementation of the cost shift provision of H.R. 1, particularly given the discrepancies over time and the discrepancies between the QC handbook and federal regulations detailed in section #2 above.

5. Cost shift liability should be postponed due to USDA's delayed and unclear implementation of H.R. 1's significant SNAP policy changes.

H.R. 1 included complex federal changes to SNAP policies relating to Able Bodied Adults Without Dependents (ABAWDs), non-citizen eligibility, and heating and cooling deductions. USDA has implemented these significant policy changes with delayed and/or inadequate guidance. Although New Jersey will continue to do our best to train over 4,000 county social services agencies' employees on the new policies, the lack of clear guidance has made it difficult or impossible for us to consistently implement the new law optimally in FFY 2025 and 2026. New Jersey has had to sue in order to meaningfully escalate errors in USDA's guidance and prompt USDA to issue updated, corrected guidance. Accordingly, so that New Jersey and other states do not incur enormous financial liabilities based on payment errors directly attributable to USDA's inadequate implementation of new SNAP policies, the cost shift liability should be postponed until at least FFY 2030, using the PER from FFY 2027.

6. New Jersey cannot financially sustain H.R. 1's shift of the economic burden of SNAP to the states.

H.R. 1 already incorporates a change in administrative costs that is straining county governments. Before H.R. 1, the federal government covered 50% of administrative costs. Starting in FFY 2027, that amount will be lowered to 25%, meaning that the State agency and County government partners will already need to cover approximately $99 million in additional costs here in New Jersey each and every year. When we compound that with the additional potential SNAP cost shift of $98-293 million each year, this potential cumulative burden of hundreds of millions of dollars each year becomes untenable. The cost shifts threaten both State government and County partners' budgets and, as a result, our ability to deliver social services to our most vulnerable residents.

Conclusion

The H.R. 1 PER-based cost shift provisions do not improve payment accuracy nor address waste, fraud, and/or abuse, and create a substantial burden on our State and County administrations that threatens our ability to address the critical needs of low-income families across our State. While we urge the elimination of cost shift provisions entirely, we recommend at minimum postponing the implementation of the SNAP cost shift to allow sufficient time to address the many concerns and inconsistencies in its implementation.

Delaying the H.R. 1 cost shift provisions until at least FFY 2030, using the FFY 2027 PER, will ensure that States are held accountable for program errors only after clear policy guidance on complicated federal program changes has been provided and fully implemented. FFY 2030 is the same year that H.R. 1 already permits those states with the highest PERs to implement the cost-share provision. This request to delay the onset echoes the proposals set forth by the National Governors Association,[4] the American Public Human Services Association, the National Association of Counties, the National Conference of State Legislatures, the National Association of County Human Services Administrators, the National League of Cities, the International County/City management Association, the U.S. Conference of Mayors, the Council of State Governments, and many other state and local agencies.

Thank you for your consideration, and please feel free to contact me for more information or if you have questions.

Sincerely,

Stephen Cha
Commissioner

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State of New Jersey

OFFICE OF THE GOVERNOR
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MIKIE SHERRILL
Governor

April 29, 2026

The Honorable Christopher Smith
U.S. House of Representatives
2373 Rayburn House Office Building
Washington, DC 20515

Dear Representative Smith:

The State of New Jersey is committed to ensuring that families have reliable access to nutritious food. Addressing food insecurity, especially for children, is a basic building block for future success. New Jersey's Supplemental Nutrition Assistance Program, SNAP, helps families—of participants, over 40 percent are children, one in three individuals with disabilities, and one in five seniors ages 60 years and older—access affordable, nourishing foods at more than 6,000 retailers across New Jersey.

However, because of the Trump Administration's policies – namely H.R.1 – our progress in driving down food insecurity is at risk. This is significantly due to the misapplication of payment error rates, which is compounding pressures from more than 47,000 New Jerseyans being stripped of their benefits due to new work requirements and roughly $99 million in SNAP administrative cost shifts.

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The SNAP cost shift provisions tied to the PER should be eliminated altogether in any legislation that addresses food and nutrition assistance. At a minimum, I respectfully urge you to work with your colleagues to include a delay, until at least FFY2030, for the onset of the SNAP cost shift. Delaying the SNAP cost shift is supported on a bipartisan basis among the nation's Governors.[1]

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As detailed in the enclosed letter from Human Services Commissioner Cha:

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While our collective battle to deliver food security is far from over, SNAP has been invaluable in ensuring access to nourishing options for about 850,000 New Jerseyans. We rely upon sustained federal partnerships and resources to continue facilitating this important progress. Thank you.

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DEPARTMENT OF HUMAN SERVICES
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Trenton, NJ 08625

STEPHEN CHA, MD, MHSR
Commissioner

April 28, 2026

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U.S. House of Representatives
2373 Rayburn House Office Building
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The State of New Jersey has major concerns about the SNAP cost shift based on PERs and the potential for hundreds of millions of dollars to be shifted onto New Jersey taxpayers. For the reasons outlined below, the SNAP cost shift provisions should be eliminated altogether. At a minimum, I respectfully urge you to work with your colleagues to delay until at least FFY2030 the onset of the SNAP cost shift.

Overview

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1. The PER is not, and has never been, an appropriate metric for assessing SNAP waste, fraud, and abuse;
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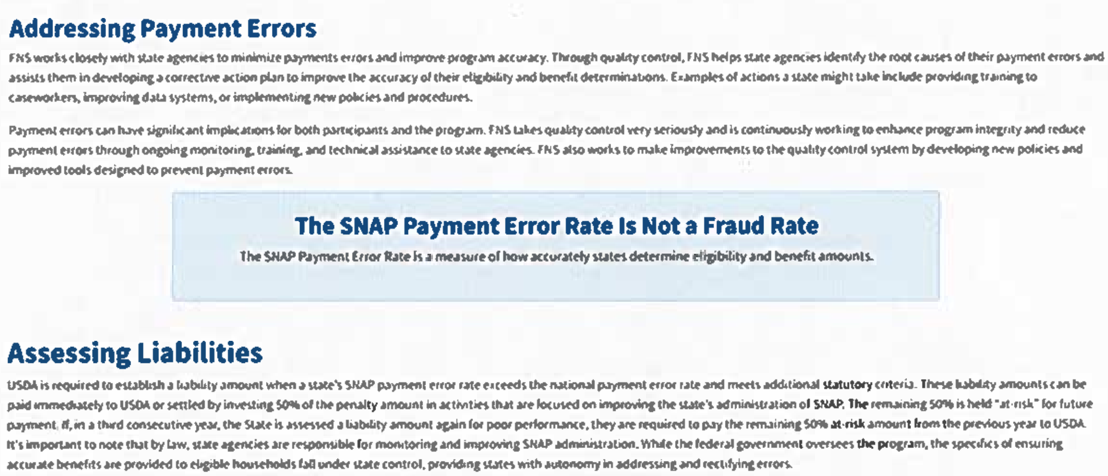
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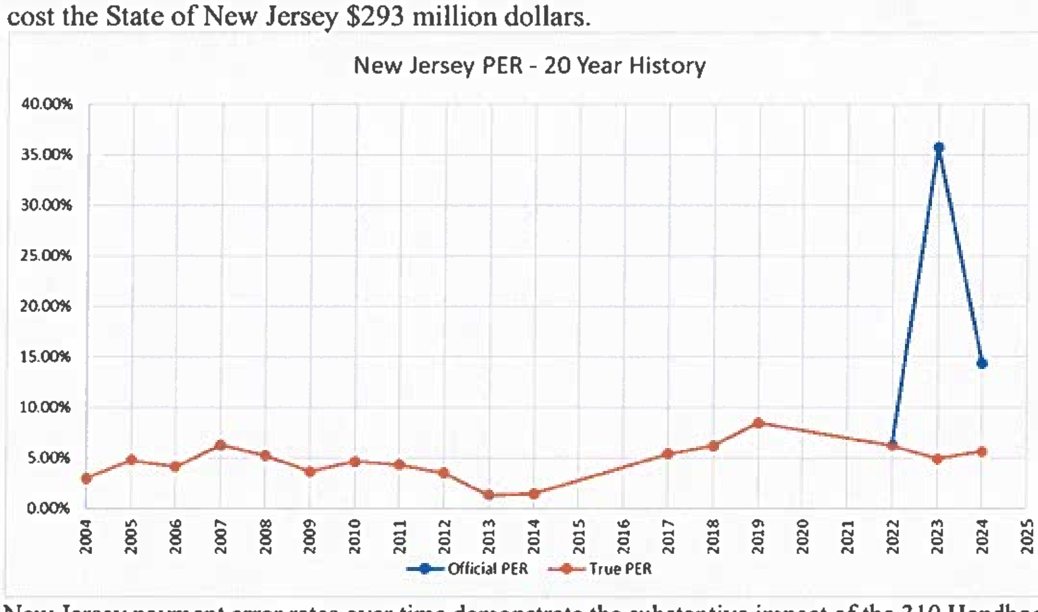

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Benefit cost shifts represent a larger financial risk to states than the QC liability amounts, yet H.R. 1 failed to provide any transparency or due process mechanism for a state to appeal FNS' determination of a PER. An appeal process should be included in the statute prior to the implementation of the cost shift provision of H.R. 1, particularly given the discrepancies over time and the discrepancies between the QC handbook and federal regulations detailed in section #2 above.

5. **Cost shift liability should be postponed due to USDA's delayed and unclear implementation of H.R. 1's significant SNAP policy changes.**

H.R. 1 included complex federal changes to SNAP policies relating to Able Bodied Adults Without Dependents (ABAWDs), non-citizen eligibility, and heating and cooling deductions. USDA has implemented these significant policy changes with delayed and/or inadequate guidance. Although New Jersey will continue to do our best to train over 4,000 county social services agencies' employees on the new policies, the lack of clear guidance has made it difficult or impossible for us to consistently implement the new law optimally in FFY 2025 and 2026. New Jersey has had to sue in order to meaningfully escalate errors in USDA's guidance and prompt USDA to issue updated, corrected guidance. Accordingly, so that New Jersey and other states do not incur enormous financial liabilities based on payment errors directly attributable to USDA's inadequate implementation of new SNAP policies, the cost shift liability should be postponed until at least FFY 2030, using the PER from FFY 2027.

6. **New Jersey cannot financially sustain H.R. 1's shift of the economic burden of SNAP to the states.**

H.R. 1 already incorporates a change in administrative costs that is straining county governments. Before H.R. 1, the federal government covered 50% of administrative costs. Starting in FFY 2027, that amount will be lowered to 25%, meaning that the State agency and County government partners will already need to cover approximately $99 million in additional costs here in New Jersey each and every year. When we compound that with the additional potential SNAP cost shift of $98-293 million each year, this potential cumulative burden of hundreds of millions of dollars each year becomes untenable. The cost shifts threaten both State government and County partners' budgets and, as a result, our ability to deliver social services to our most vulnerable residents.

Conclusion

The H.R. 1 PER-based cost shift provisions do not improve payment accuracy nor address waste, fraud, and/or abuse, and create a substantial burden on our State and County administrations that threatens our ability to address the critical needs of low-income families across our State. While we urge the elimination of cost shift provisions entirely, we recommend at minimum postponing the implementation of the SNAP cost shift to allow sufficient time to address the many concerns and inconsistencies in its implementation.

Delaying the H.R. 1 cost shift provisions until at least FFY 2030, using the FFY 2027 PER, will ensure that States are held accountable for program errors only after clear policy guidance on complicated federal program changes has been provided and fully implemented. FFY 2030 is the same year that H.R. 1 already permits those states with the highest PERs to implement the cost-share provision. This request to delay the onset echoes the proposals set forth by the National Governors Association,[4] the American Public Human Services Association, the National Association of Counties, the National Conference of State Legislatures, the National Association of County Human Services Administrators, the National League of Cities, the International County/City management Association, the U.S. Conference of Mayors, the Council of State Governments, and many other state and local agencies.

Thank you for your consideration, and please feel free to contact me for more information or if you have questions.

Sincerely,

Stephen Cha
Commissioner

[4] *NGA Joins Coalition Letter Outlining Snap Recommendations.* National Governors Association. (2026, January 8). https://www.nga.org/advocacy-communications/letters-nga/nga-joins-coalition-letter-outlining-snap-recommendations/

State of New Jersey
OFFICE OF THE GOVERNOR
P.O. BOX 001
TRENTON, NJ 08625-0001

MIKIE SHERRILL
Governor

April 29, 2026

The Honorable Jefferson Van Drew
U.S. House of Representatives
2447 Rayburn House Office Building
Washington, DC 20515

Dear Representative Van Drew:

The State of New Jersey is committed to ensuring that families have reliable access to nutritious food. Addressing food insecurity, especially for children, is a basic building block for future success. New Jersey's Supplemental Nutrition Assistance Program, SNAP, helps families—of participants, over 40 percent are children, one in three individuals with disabilities, and one in five seniors ages 60 years and older—access affordable, nourishing foods at more than 6,000 retailers across New Jersey.

However, because of the Trump Administration's policies – namely H.R.1 – our progress in driving down food insecurity is at risk. This is significantly due to the misapplication of payment error rates, which is compounding pressures from more than 47,000 New Jerseyans being stripped of their benefits due to new work requirements and roughly $99 million in SNAP administrative cost shifts.

In New Jersey, our priority is feeding our families. Rather than creating unnecessary red tape and barriers to benefits, we prioritize real payment accuracy and streamlining. New Jersey continues to work concertedly to improve program integrity through updating systems and processes, enhancing technical assistance to counties, and more.

The SNAP cost shift provisions tied to the PER should be eliminated altogether in any legislation that addresses food and nutrition assistance. At a minimum, I respectfully urge you to work with your colleagues to include a delay, until at least FFY2030, for the onset of the SNAP cost shift. Delaying the SNAP cost shift is supported on a bipartisan basis among the nation's Governors.[1]

Cost shifting provisions are placing increased burdens on New Jersey without adding significant value to the SNAP program. This includes applying a fundamentally flawed metric—the USDA's payment error rate (PER)—to dictate whether New Jersey taxpayers must absorb hundreds of millions of dollars.

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As detailed in the enclosed letter from Human Services Commissioner Cha:

1. The USDA's PER is not an appropriate measurement tool for the federal government's stated purposes.
2. New Jersey has a history of receiving inaccurate and unreliable PER calculations from the USDA.
3. Use of the PER as a basis for the SNAP cost shift results in duplication of existing fines on high error rates.
4. No official process exists for states to challenge errors in USDA calculations.
5. The cost shift is scheduled to apply to PERs from before full federal guidance on major SNAP policy changes.
6. The PER cost shift will cost New Jersey another $98-293 million each year to deliver essential food assistance to families. This is on top of the approximately $99 million already imposed by annual SNAP administration cost shifts.

While our collective battle to deliver food security is far from over, SNAP has been invaluable in ensuring access to nourishing options for about 850,000 New Jerseyans. We rely upon sustained federal partnerships and resources to continue facilitating this important progress. Thank you.

Sincerely,

Mikie Sherrill
Governor

State of New Jersey
DEPARTMENT OF HUMAN SERVICES
P.O. Box 700
Trenton, NJ 08625

MIKIE SHERRILL
Governor

DR. DALE G. CALDWELL
Lt. Governor

STEPHEN CHA, MD, MHSR
Commissioner

April 28, 2026

The Honorable Jefferson Van Drew
U.S. House of Representatives
2447 Rayburn House Office Building
Washington, DC 20515

Dear Representative Van Drew:

I am writing to you as the Commissioner of the New Jersey Department of Human Services to express my deep concerns about the impact of the dramatic shift of the costs of the Supplemental Nutrition Assistance Program (SNAP) from the federal government to the states, and the inappropriate use of states' payment error rates (PERs) to calculate these new state costs, as detailed in H.R. 1 (formally titled the One Big Beautiful Bill Act).

The State of New Jersey has major concerns about the SNAP cost shift based on PERs and the potential for hundreds of millions of dollars to be shifted onto New Jersey taxpayers. For the reasons outlined below, the SNAP cost shift provisions should be eliminated altogether. At a minimum, I respectfully urge you to work with your colleagues to delay until at least FFY2030 the onset of the SNAP cost shift.

Overview

Beginning in Federal Fiscal Year (FFY) 2028, H.R. 1 will require, for the first time in our nation's history, that states contribute to the cost of SNAP benefits based on the United States Department of Agriculture's (USDA) calculation of the state's PER. This is an inappropriate and flawed metric for this purpose—it is not the most effective tool available to encourage administrative accuracy while reducing waste, fraud, and abuse. The cost shift provision in H.R. 1 both fails to advance that goal and will inflict significant harm on New Jersey residents. As detailed below:

1. The PER is not, and has never been, an appropriate metric for assessing SNAP waste, fraud, and abuse;
2. USDA's approach to calculating states' PERs is not sufficiently accurate nor reliable to underlie an enormous cost share liability;
3. Using the PER for the SNAP cost shift is duplicative and inappropriate;
4. H.R. 1 fails to provide any due process provisions for challenging USDA's calculation of a state's PER;
5. Cost shift liability should be postponed due to USDA's delayed and unclear implementation of H.R. 1's significant SNAP policy changes; and

6. New Jersey cannot financially sustain H.R. 1's shift of the economic burden of SNAP to the states. Roughly 850,000 New Jerseyans rely on SNAP to nourish their families.

Under H.R. 1, if the state's PER is at or above 6% as calculated by USDA, the state must contribute to the SNAP benefit costs at rates ranging from 5% to 15% of the total SNAP allotments, which translates anywhere from $98 to $293 million annually for the State of New Jersey. Since the PER from either FFY 2025 or 2026 will be used to calculate the applicable benefit cost share for FFY 2028, H.R. 1 has already locked New Jersey into costs without a chance to adapt.

Payment accuracy is and always has been a priority for New Jersey. We have implemented significant measures to improve payment accuracy, including system updates, streamlining processes, providing state staff support to administering counties, creating a state-level corrective action team, and developing detailed analytic tools for SNAP caseloads and payment errors.

1. The PER is not an appropriate metric for assessing SNAP waste, fraud, and abuse.

The PER is not, and has never been, a measure for rooting out fraud and/or waste. Using the PER as the metric to reduce the federal contribution for a food benefit for individuals is ungrounded, unprecedented, and harmful to state and county governments, and to the individuals who we serve.

The USDA has repeatedly expressed that the purpose of the quality control process and resulting PER is to ensure that eligible SNAP recipients get the correct amount of benefits, and to identify areas for states to improve their programs. In printed material, on its websites, and in official guidance, the USDA has repeatedly stated that "the PER is not a fraud rate" and has reiterated that "[p]ayment errors are largely unintentional and may be on the part of the state agency or the SNAP household. For example, the state agency incorrectly calculates a household's expenses, or a client forgets to provide the state with an update on their income."[2]

Addressing Payment Errors

FNS works closely with state agencies to minimize payments errors and improve program accuracy. Through quality control, FNS helps state agencies identify the root causes of their payment errors and assists them in developing a corrective action plan to improve the accuracy of their eligibility and benefit determinations. Examples of actions a state might take include providing training to caseworkers, improving data systems, or implementing new policies and procedures.

Payment errors can have significant implications for both participants and the program. FNS takes quality control very seriously and is continuously working to enhance program integrity and reduce payment errors through ongoing monitoring, training, and technical assistance to state agencies. FNS also works to make improvements to the quality control system by developing new policies and improved tools designed to prevent payment errors.

The SNAP Payment Error Rate Is Not a Fraud Rate

The SNAP Payment Error Rate is a measure of how accurately states determine eligibility and benefit amounts.

Assessing Liabilities

USDA is required to establish a liability amount when a state's SNAP payment error rate exceeds the national payment error rate and meets additional statutory criteria. These liability amounts can be paid immediately to USDA or settled by investing 50% of the penalty amount in activities that are focused on improving the state's administration of SNAP. The remaining 50% is held "at-risk" for future payment. If, in a third consecutive year, the State is assessed a liability amount again for poor performance, they are required to pay the remaining 50% at-risk amount from the previous year to USDA. It's important to note that by law, state agencies are responsible for monitoring and improving SNAP administration. While the federal government oversees the program, the specifics of ensuring accurate benefits are provided to eligible households fall under state control, providing states with autonomy in addressing and rectifying errors

Figure 1: This is a screenshot of the USDA webpage for the SNAP Quality Control program from June of 2025.

Moreover, the PER is not reflective of federal waste, since it is a combination of both under- and over-issuances. For example, if quality control (QC) reviews find that, over the course of a full year, $2,000 was

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over-issued and $2,000 was under-issued, this scenario would represent $0 in additional Federal SNAP costs. Both scenarios are issues to rectify; in no case should this scenario lead to a loss of federal contribution to food benefits.

2. **USDA's approach to calculating states' PERs is not sufficiently accurate nor reliable to underlie an enormous cost share liability.**

There are multiple instances where SNAP regulations do not align with QC rules,[3] thereby creating payment errors despite State agencies following federal regulations correctly. Moreover, USDA's published PERs do not always match USDA's own calculation methodology. New Jersey's experience over the past few years demonstrates these shortcomings, exposing some major flaws in how USDA has determined our PER.

In FFY 2023 and 2024, USDA made substantive changes to the Food and Nutrition Service (FNS) 310 Handbook (the federal manual that dictates how SNAP QC reviews are conducted), which resulted in an inflated PER for New Jersey for those years. New Jersey submitted written objections to USDA on June 1, 2023 regarding those changes and their effect on our PER, outlining how they did not align with federal regulations and Congressional intent. The State of New Jersey formally requested that the USDA withhold publication of the PER, dismiss claims established against households based on erroneous QC findings, refund payments to households, and hold states harmless for any errors incurred due to this. However, no response was received from FNS.

In December 2024, the USDA issued a QC policy memo with a retroactive policy reversal for FFY 2024. If that policy reversal had been applied to New Jersey's QC cases for FFY 2023, our PER would have decreased from 35.70% to 4.91%. Although the policy reversal did apply retroactively to FFY 2024, it was incorrectly applied—inflating our PER to 14.33% when it should have been 5.65%. These massive discrepancies demonstrate the fundamental flaws in the current PER system. If the cost shift provision of H.R. 1 required the use of FFY 2023 or FFY 2024 PER instead of FFY 2025, this discrepancy would have unjustly cost the State of New Jersey $293 million dollars.

Figure 2. New Jersey payment error rates over time demonstrate the substantive impact of the 310 Handbook changes that implemented the inclusion of administrative errors in the PER. Under the revised December 2024 policy memo, NJ's 2023 true PER would be 4.91% and the 2024 true PER would be 5.65%.

[3] 7 CFR 275.12(d)(3) specifically excludes administrative deficiencies such as a missing application or overdue recertification from the payment error rate. FNS implemented changes to sections 751 and 752 the 310 Handbook which mandated the inclusion of these administrative deficiencies in the error rate.

3. **Using the PER for the SNAP cost shift is duplicative and inappropriate.**

Longstanding federal quality control laws already impose a financial liability on States if their PERs exceed a national benchmark for two consecutive years. This liability is assessed directly upon the State, and not on the federal contribution to benefits. The PER was specifically designed to assess this liability amount using QC data; and, prior to H.R. 1, it was never contemplated that the PER would be used in a cost shift context nor impact the federal contribution to benefits. Not only is the PER not designed for cost shift purposes, but the PER is now used to impose two separate and distinct financial penalties for exactly the same circumstance. Having multiple financial penalties from a single metric is duplicative and inappropriate.

4. **H.R. 1 fails to provide any mechanism for challenging USDA's calculation of a state's PER.**

Despite the unprecedented policy change of reducing federal contribution for food benefits by hundreds of millions of dollars, the benefit cost shift provision in H.R. 1 does not include any due process provisions for a state to appeal or dispute the PER published by the USDA. Current law only permits a state to appeal a PER if the state is assessed as a QC liability for the second year in which the state exceeds 105% of the national average.

Benefit cost shifts represent a larger financial risk to states than the QC liability amounts, yet H.R. 1 failed to provide any transparency or due process mechanism for a state to appeal FNS' determination of a PER. An appeal process should be included in the statute prior to the implementation of the cost shift provision of H.R. 1, particularly given the discrepancies over time and the discrepancies between the QC handbook and federal regulations detailed in section #2 above.

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Conclusion

The H.R. 1 PER-based cost shift provisions do not improve payment accuracy nor address waste, fraud, and/or abuse, and create a substantial burden on our State and County administrations that threatens our ability to address the critical needs of low-income families across our State. While we urge the elimination of cost shift provisions entirely, we recommend at minimum postponing the implementation of the SNAP cost shift to allow sufficient time to address the many concerns and inconsistencies in its implementation.

Delaying the H.R. 1 cost shift provisions until at least FFY 2030, using the FFY 2027 PER, will ensure that States are held accountable for program errors only after clear policy guidance on complicated federal program changes has been provided and fully implemented. FFY 2030 is the same year that H.R. 1 already permits those states with the highest PERs to implement the cost-share provision. This request to delay the onset echoes the proposals set forth by the National Governors Association,[4] the American Public Human Services Association, the National Association of Counties, the National Conference of State Legislatures, the National Association of County Human Services Administrators, the National League of Cities, the International County/City management Association, the U.S. Conference of Mayors, the Council of State Governments, and many other state and local agencies.

Thank you for your consideration, and please feel free to contact me for more information or if you have questions.

Sincerely,

Stephen Cha
Commissioner

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State of New Jersey
OFFICE OF THE GOVERNOR
P.O. Box 001
TRENTON, NJ 08625-0001

MIKIE SHERRILL
Governor

April 29, 2026

The Honorable Robert Menendez
U.S. House of Representatives
2453 Rayburn House Office Building
Washington, DC 20515

Dear Representative Menendez:

The State of New Jersey is committed to ensuring that families have reliable access to nutritious food. Addressing food insecurity, especially for children, is a basic building block for future success. New Jersey's Supplemental Nutrition Assistance Program, SNAP, helps families—of participants, over 40 percent are children, one in three individuals with disabilities, and one in five seniors ages 60 years and older—access affordable, nourishing foods at more than 6,000 retailers across New Jersey.

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The SNAP cost shift provisions tied to the PER should be eliminated altogether in any legislation that addresses food and nutrition assistance. At a minimum, I respectfully urge you to work with your colleagues to include a delay, until at least FFY2030, for the onset of the SNAP cost shift. Delaying the SNAP cost shift is supported on a bipartisan basis among the nation's Governors.[1]

Cost shifting provisions are placing increased burdens on New Jersey without adding significant value to the SNAP program. This includes applying a fundamentally flawed metric—the USDA's payment error rate (PER)—to dictate whether New Jersey taxpayers must absorb hundreds of millions of dollars.

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As detailed in the enclosed letter from Human Services Commissioner Cha:

1. The USDA's PER is not an appropriate measurement tool for the federal government's stated purposes.
2. New Jersey has a history of receiving inaccurate and unreliable PER calculations from the USDA.
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While our collective battle to deliver food security is far from over, SNAP has been invaluable in ensuring access to nourishing options for about 850,000 New Jerseyans. We rely upon sustained federal partnerships and resources to continue facilitating this important progress. Thank you.

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DR. DALE G. CALDWELL
Lt. Governor

State of New Jersey
DEPARTMENT OF HUMAN SERVICES
P.O. Box 700
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STEPHEN CHA, MD, MHSR
Commissioner

April 28, 2026

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U.S. House of Representatives
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Dear Representative Menendez:

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The State of New Jersey has major concerns about the SNAP cost shift based on PERs and the potential for hundreds of millions of dollars to be shifted onto New Jersey taxpayers. For the reasons outlined below, the SNAP cost shift provisions should be eliminated altogether. At a minimum, I respectfully urge you to work with your colleagues to delay until at least FFY2030 the onset of the SNAP cost shift.

Overview

Beginning in Federal Fiscal Year (FFY) 2028, H.R. 1 will require, for the first time in our nation's history, that states contribute to the cost of SNAP benefits based on the United States Department of Agriculture's (USDA) calculation of the state's PER. This is an inappropriate and flawed metric for this purpose—it is not the most effective tool available to encourage administrative accuracy while reducing waste, fraud, and abuse. The cost shift provision in H.R. 1 both fails to advance that goal and will inflict significant harm on New Jersey residents. As detailed below:

1. The PER is not, and has never been, an appropriate metric for assessing SNAP waste, fraud, and abuse;
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3. Using the PER for the SNAP cost shift is duplicative and inappropriate;
4. H.R. 1 fails to provide any due process provisions for challenging USDA's calculation of a state's PER;
5. Cost shift liability should be postponed due to USDA's delayed and unclear implementation of H.R. 1's significant SNAP policy changes; and

6. New Jersey cannot financially sustain H.R. 1's shift of the economic burden of SNAP to the states. Roughly 850,000 New Jerseyans rely on SNAP to nourish their families.

Under H.R. 1, if the state's PER is at or above 6% as calculated by USDA, the state must contribute to the SNAP benefit costs at rates ranging from 5% to 15% of the total SNAP allotments, which translates anywhere from $98 to $293 million annually for the State of New Jersey. Since the PER from either FFY 2025 or 2026 will be used to calculate the applicable benefit cost share for FFY 2028, H.R. 1 has already locked New Jersey into costs without a chance to adapt.

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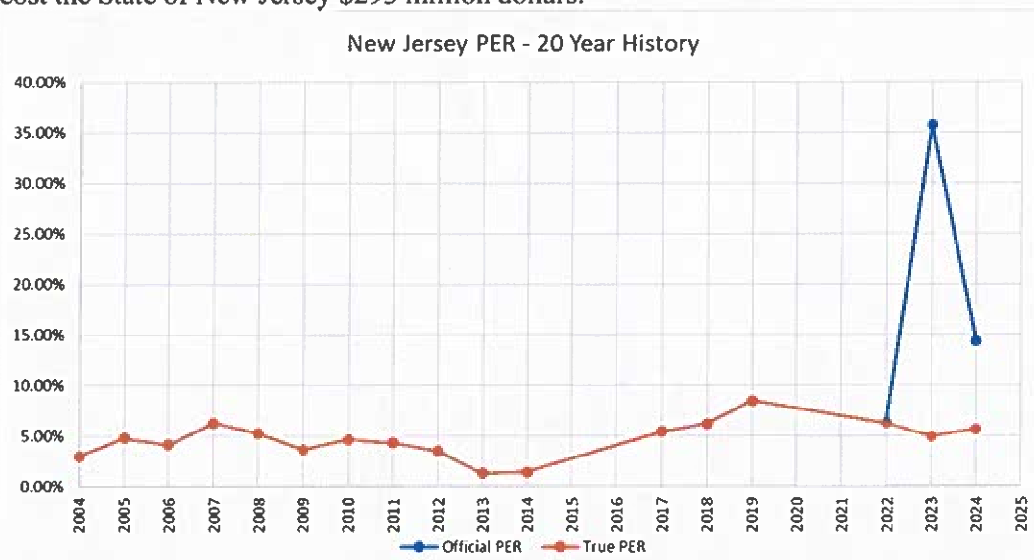

Figure 2. New Jersey payment error rates over time demonstrate the substantive impact of the 310 Handbook changes that implemented the inclusion of administrative errors in the PER. Under the revised December 2024 policy memo, NJ's 2023 true PER would be 4.91% and the 2024 true PER would be 5.65%.

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4. **H.R. 1 fails to provide any mechanism for challenging USDA's calculation of a state's PER.**

Despite the unprecedented policy change of reducing federal contribution for food benefits by hundreds of millions of dollars, the benefit cost shift provision in H.R. 1 does not include any due process provisions for a state to appeal or dispute the PER published by the USDA. Current law only permits a state to appeal a PER if the state is assessed as a QC liability for the second year in which the state exceeds 105% of the national average.

Benefit cost shifts represent a larger financial risk to states than the QC liability amounts, yet H.R. 1 failed to provide any transparency or due process mechanism for a state to appeal FNS' determination of a PER. An appeal process should be included in the statute prior to the implementation of the cost shift provision of H.R. 1, particularly given the discrepancies over time and the discrepancies between the QC handbook and federal regulations detailed in section #2 above.

5. **Cost shift liability should be postponed due to USDA's delayed and unclear implementation of H.R. 1's significant SNAP policy changes.**

H.R. 1 included complex federal changes to SNAP policies relating to Able Bodied Adults Without Dependents (ABAWDs), non-citizen eligibility, and heating and cooling deductions. USDA has implemented these significant policy changes with delayed and/or inadequate guidance. Although New Jersey will continue to do our best to train over 4,000 county social services agencies' employees on the new policies, the lack of clear guidance has made it difficult or impossible for us to consistently implement the new law optimally in FFY 2025 and 2026. New Jersey has had to sue in order to meaningfully escalate errors in USDA's guidance and prompt USDA to issue updated, corrected guidance. Accordingly, so that New Jersey and other states do not incur enormous financial liabilities based on payment errors directly attributable to USDA's inadequate implementation of new SNAP policies, the cost shift liability should be postponed until at least FFY 2030, using the PER from FFY 2027.

6. **New Jersey cannot financially sustain H.R. 1's shift of the economic burden of SNAP to the states.**

H.R. 1 already incorporates a change in administrative costs that is straining county governments. Before H.R. 1, the federal government covered 50% of administrative costs. Starting in FFY 2027, that amount will be lowered to 25%, meaning that the State agency and County government partners will already need to cover approximately $99 million in additional costs here in New Jersey each and every year. When we compound that with the additional potential SNAP cost shift of $98-293 million each year, this potential cumulative burden of hundreds of millions of dollars each year becomes untenable. The cost shifts threaten both State government and County partners' budgets and, as a result, our ability to deliver social services to our most vulnerable residents.

Conclusion

The H.R. 1 PER-based cost shift provisions do not improve payment accuracy nor address waste, fraud, and/or abuse, and create a substantial burden on our State and County administrations that threatens our ability to address the critical needs of low-income families across our State. While we urge the elimination of cost shift provisions entirely, we recommend at minimum postponing the implementation of the SNAP cost shift to allow sufficient time to address the many concerns and inconsistencies in its implementation.

Delaying the H.R. 1 cost shift provisions until at least FFY 2030, using the FFY 2027 PER, will ensure that States are held accountable for program errors only after clear policy guidance on complicated federal program changes has been provided and fully implemented. FFY 2030 is the same year that H.R. 1 already permits those states with the highest PERs to implement the cost-share provision. This request to delay the onset echoes the proposals set forth by the National Governors Association,[4] the American Public Human Services Association, the National Association of Counties, the National Conference of State Legislatures, the National Association of County Human Services Administrators, the National League of Cities, the International County/City management Association, the U.S. Conference of Mayors, the Council of State Governments, and many other state and local agencies.

Thank you for your consideration, and please feel free to contact me for more information or if you have questions.

Sincerely,

Stephen Cha
Commissioner

[4] *NGA Joins Coalition Letter Outlining Snap Recommendations*. National Governors Association. (2026, January 8). https://www.nga.org/advocacy-communications/letters-nga/nga-joins-coalition-letter-outlining-snap-recommendations/

State of New Jersey
OFFICE OF THE GOVERNOR
P.O. Box 001
TRENTON, NJ 08625-0001

MIKIE SHERRILL
Governor

April 29, 2026

The Honorable Thomas Kean Jr.
U.S. House of Representatives
251 Cannon House Office Building
Washington, DC 20515

Dear Representative Kean:

The State of New Jersey is committed to ensuring that families have reliable access to nutritious food. Addressing food insecurity, especially for children, is a basic building block for future success. New Jersey's Supplemental Nutrition Assistance Program, SNAP, helps families—of participants, over 40 percent are children, one in three individuals with disabilities, and one in five seniors ages 60 years and older—access affordable, nourishing foods at more than 6,000 retailers across New Jersey.

However, because of the Trump Administration's policies – namely H.R.1 – our progress in driving down food insecurity is at risk. This is significantly due to the misapplication of payment error rates, which is compounding pressures from more than 47,000 New Jerseyans being stripped of their benefits due to new work requirements and roughly $99 million in SNAP administrative cost shifts.

In New Jersey, our priority is feeding our families. Rather than creating unnecessary red tape and barriers to benefits, we prioritize real payment accuracy and streamlining. New Jersey continues to work concertedly to improve program integrity through updating systems and processes, enhancing technical assistance to counties, and more.

The SNAP cost shift provisions tied to the PER should be eliminated altogether in any legislation that addresses food and nutrition assistance. At a minimum, I respectfully urge you to work with your colleagues to include a delay, until at least FFY2030, for the onset of the SNAP cost shift. Delaying the SNAP cost shift is supported on a bipartisan basis among the nation's Governors.[1]

Cost shifting provisions are placing increased burdens on New Jersey without adding significant value to the SNAP program. This includes applying a fundamentally flawed metric—the USDA's payment error rate (PER)—to dictate whether New Jersey taxpayers must absorb hundreds of millions of dollars.

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As detailed in the enclosed letter from Human Services Commissioner Cha:

1. The USDA's PER is not an appropriate measurement tool for the federal government's stated purposes.
2. New Jersey has a history of receiving inaccurate and unreliable PER calculations from the USDA.
3. Use of the PER as a basis for the SNAP cost shift results in duplication of existing fines on high error rates.
4. No official process exists for states to challenge errors in USDA calculations.
5. The cost shift is scheduled to apply to PERs from before full federal guidance on major SNAP policy changes.
6. The PER cost shift will cost New Jersey another $98-293 million each year to deliver essential food assistance to families. This is on top of the approximately $99 million already imposed by annual SNAP administration cost shifts.

While our collective battle to deliver food security is far from over, SNAP has been invaluable in ensuring access to nourishing options for about 850,000 New Jerseyans. We rely upon sustained federal partnerships and resources to continue facilitating this important progress. Thank you.

Sincerely,

Mikie Sherrill
Governor

MIKIE SHERRILL
Governor

DR. DALE G. CALDWELL
Lt. Governor

State of New Jersey
DEPARTMENT OF HUMAN SERVICES
P.O. Box 700
Trenton, NJ 08625

STEPHEN CHA, MD, MHSR
Commissioner

April 28, 2026

The Honorable Thomas Kean Jr.
U.S. House of Representatives
251 Cannon House Office Building
Washington, DC 20515

Dear Representative Kean:

I am writing to you as the Commissioner of the New Jersey Department of Human Services to express my deep concerns about the impact of the dramatic shift of the costs of the Supplemental Nutrition Assistance Program (SNAP) from the federal government to the states, and the inappropriate use of states' payment error rates (PERs) to calculate these new state costs, as detailed in H.R. 1 (formally titled the One Big Beautiful Bill Act).

The State of New Jersey has major concerns about the SNAP cost shift based on PERs and the potential for hundreds of millions of dollars to be shifted onto New Jersey taxpayers. For the reasons outlined below, the SNAP cost shift provisions should be eliminated altogether. At a minimum, I respectfully urge you to work with your colleagues to delay until at least FFY2030 the onset of the SNAP cost shift.

Overview

Beginning in Federal Fiscal Year (FFY) 2028, H.R. 1 will require, for the first time in our nation's history, that states contribute to the cost of SNAP benefits based on the United States Department of Agriculture's (USDA) calculation of the state's PER. This is an inappropriate and flawed metric for this purpose—it is not the most effective tool available to encourage administrative accuracy while reducing waste, fraud, and abuse. The cost shift provision in H.R. 1 both fails to advance that goal and will inflict significant harm on New Jersey residents. As detailed below:

1. The PER is not, and has never been, an appropriate metric for assessing SNAP waste, fraud, and abuse;
2. USDA's approach to calculating states' PERs is not sufficiently accurate nor reliable to underlie an enormous cost share liability;
3. Using the PER for the SNAP cost shift is duplicative and inappropriate;
4. H.R. 1 fails to provide any due process provisions for challenging USDA's calculation of a state's PER;
5. Cost shift liability should be postponed due to USDA's delayed and unclear implementation of H.R. 1's significant SNAP policy changes; and

6. New Jersey cannot financially sustain H.R. 1's shift of the economic burden of SNAP to the states. Roughly 850,000 New Jerseyans rely on SNAP to nourish their families.

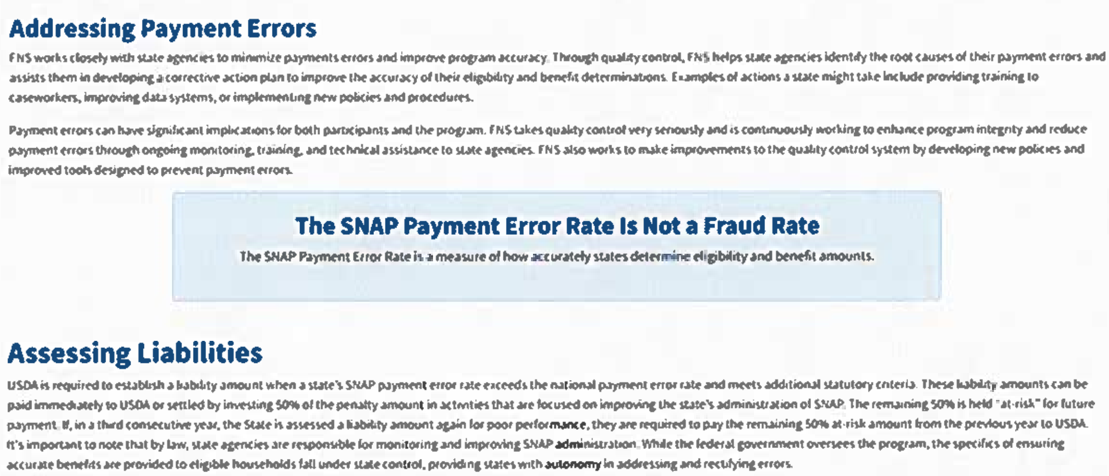
Under H.R. 1, if the state's PER is at or above 6% as calculated by USDA, the state must contribute to the SNAP benefit costs at rates ranging from 5% to 15% of the total SNAP allotments, which translates anywhere from $98 to $293 million annually for the State of New Jersey. Since the PER from either FFY 2025 or 2026 will be used to calculate the applicable benefit cost share for FFY 2028, H.R. 1 has already locked New Jersey into costs without a chance to adapt.

Payment accuracy is and always has been a priority for New Jersey. We have implemented significant measures to improve payment accuracy, including system updates, streamlining processes, providing state staff support to administering counties, creating a state-level corrective action team, and developing detailed analytic tools for SNAP caseloads and payment errors.

1. **The PER is not an appropriate metric for assessing SNAP waste, fraud, and abuse.**

The PER is not, and has never been, a measure for rooting out fraud and/or waste. Using the PER as the metric to reduce the federal contribution for a food benefit for individuals is ungrounded, unprecedented, and harmful to state and county governments, and to the individuals who we serve.

The USDA has repeatedly expressed that the purpose of the quality control process and resulting PER is to ensure that eligible SNAP recipients get the correct amount of benefits, and to identify areas for states to improve their programs. In printed material, on its websites, and in official guidance, the USDA has repeatedly stated that "the PER is not a fraud rate" and has reiterated that "[p]ayment errors are <u>largely unintentional</u> and may be on the part of the state agency or the SNAP household. For example, the state agency incorrectly calculates a household's expenses, or a client forgets to provide the state with an update on their income."[2]



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FNS works closely with state agencies to minimize payments errors and improve program accuracy. Through quality control, FNS helps state agencies identify the root causes of their payment errors and assists them in developing a corrective action plan to improve the accuracy of their eligibility and benefit determinations. Examples of actions a state might take include providing training to caseworkers, improving data systems, or implementing new policies and procedures.

Payment errors can have significant implications for both participants and the program. FNS takes quality control very seriously and is continuously working to enhance program integrity and reduce payment errors through ongoing monitoring, training, and technical assistance to state agencies. FNS also works to make improvements to the quality control system by developing new policies and improved tools designed to prevent payment errors.

The SNAP Payment Error Rate Is Not a Fraud Rate

The SNAP Payment Error Rate is a measure of how accurately states determine eligibility and benefit amounts.

Assessing Liabilities

USDA is required to establish a liability amount when a state's SNAP payment error rate exceeds the national payment error rate and meets additional statutory criteria. These liability amounts can be paid immediately to USDA or settled by investing 50% of the penalty amount in activities that are focused on improving the state's administration of SNAP. The remaining 50% is held "at-risk" for future payment. If, in a third consecutive year, the State is assessed a liability amount again for poor performance, they are required to pay the remaining 50% at-risk amount from the previous year to USDA. It's important to note that by law, state agencies are responsible for monitoring and improving SNAP administration. While the federal government oversees the program, the specifics of ensuring accurate benefits are provided to eligible households fall under state control, providing states with **autonomy** in addressing and rectifying errors.

Figure 1: This is a screenshot of the USDA webpage for the SNAP Quality Control program from June of 2025.

Moreover, the PER is not reflective of federal waste, since it is a combination of both under- and over-issuances. For example, if quality control (QC) reviews find that, over the course of a full year, $2,000 was

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2. USDA's approach to calculating states' PERs is not sufficiently accurate nor reliable to underlie an enormous cost share liability.

There are multiple instances where SNAP regulations do not align with QC rules,[3] thereby creating payment errors despite State agencies following federal regulations correctly. Moreover, USDA's published PERs do not always match USDA's own calculation methodology. New Jersey's experience over the past few years demonstrates these shortcomings, exposing some major flaws in how USDA has determined our PER.

In FFY 2023 and 2024, USDA made substantive changes to the Food and Nutrition Service (FNS) 310 Handbook (the federal manual that dictates how SNAP QC reviews are conducted), which resulted in an inflated PER for New Jersey for those years. New Jersey submitted written objections to USDA on June 1, 2023 regarding those changes and their effect on our PER, outlining how they did not align with federal regulations and Congressional intent. The State of New Jersey formally requested that the USDA withhold publication of the PER, dismiss claims established against households based on erroneous QC findings, refund payments to households, and hold states harmless for any errors incurred due to this. However, no response was received from FNS.

In December 2024, the USDA issued a QC policy memo with a retroactive policy reversal for FFY 2024. If that policy reversal had been applied to New Jersey's QC cases for FFY 2023, our PER would have decreased from 35.70% to 4.91%. Although the policy reversal did apply retroactively to FFY 2024, it was incorrectly applied—inflating our PER to 14.33% when it should have been 5.65%. These massive discrepancies demonstrate the fundamental flaws in the current PER system. If the cost shift provision of H.R. 1 required the use of FFY 2023 or FFY 2024 PER instead of FFY 2025, this discrepancy would have unjustly cost the State of New Jersey $293 million dollars.

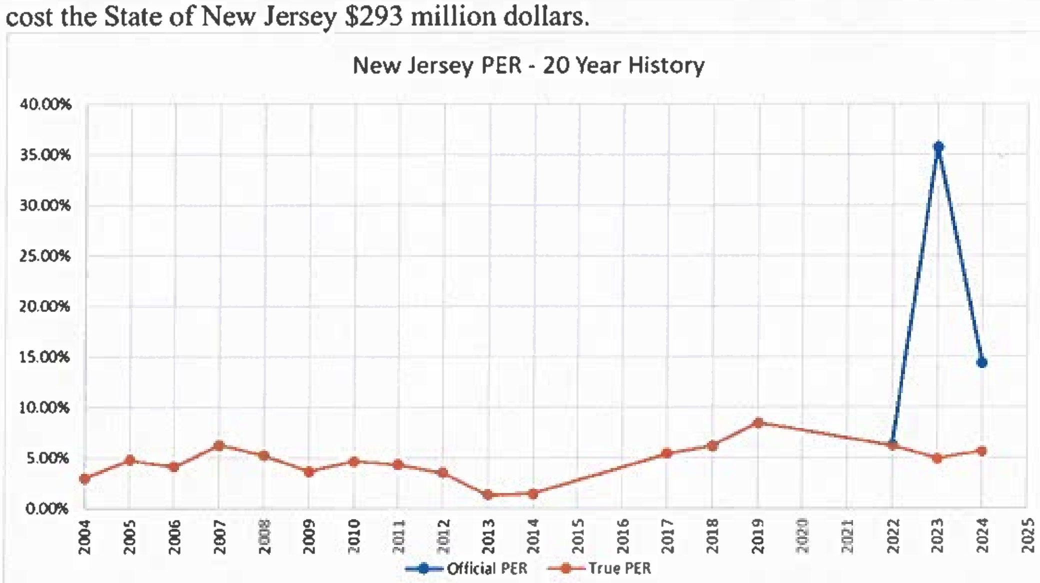

Figure 2. New Jersey payment error rates over time demonstrate the substantive impact of the 310 Handbook changes that implemented the inclusion of administrative errors in the PER. Under the revised December 2024 policy memo, NJ's 2023 true PER would be 4.91% and the 2024 true PER would be 5.65%.

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[3] 7 CFR 275.12(d)(3) specifically excludes administrative deficiencies such as a missing application or overdue recertification from the payment error rate. FNS implemented changes to sections 751 and 752 the 310 Handbook which mandated the inclusion of these administrative deficiencies in the error rate.

3. **Using the PER for the SNAP cost shift is duplicative and inappropriate.**

Longstanding federal quality control laws already impose a financial liability on States if their PERs exceed a national benchmark for two consecutive years. This liability is assessed directly upon the State, and not on the federal contribution to benefits. The PER was specifically designed to assess this liability amount using QC data; and, prior to H.R. 1, it was never contemplated that the PER would be used in a cost shift context nor impact the federal contribution to benefits. Not only is the PER not designed for cost shift purposes, but the PER is now used to impose two separate and distinct financial penalties for exactly the same circumstance. Having multiple financial penalties from a single metric is duplicative and inappropriate.

4. **H.R. 1 fails to provide any mechanism for challenging USDA's calculation of a state's PER.**

Despite the unprecedented policy change of reducing federal contribution for food benefits by hundreds of millions of dollars, the benefit cost shift provision in H.R. 1 does not include any due process provisions for a state to appeal or dispute the PER published by the USDA. Current law only permits a state to appeal a PER if the state is assessed as a QC liability for the second year in which the state exceeds 105% of the national average.

Benefit cost shifts represent a larger financial risk to states than the QC liability amounts, yet H.R. 1 failed to provide any transparency or due process mechanism for a state to appeal FNS' determination of a PER. An appeal process should be included in the statute prior to the implementation of the cost shift provision of H.R. 1, particularly given the discrepancies over time and the discrepancies between the QC handbook and federal regulations detailed in section #2 above.

5. **Cost shift liability should be postponed due to USDA's delayed and unclear implementation of H.R. 1's significant SNAP policy changes.**

H.R. 1 included complex federal changes to SNAP policies relating to Able Bodied Adults Without Dependents (ABAWDs), non-citizen eligibility, and heating and cooling deductions. USDA has implemented these significant policy changes with delayed and/or inadequate guidance. Although New Jersey will continue to do our best to train over 4,000 county social services agencies' employees on the new policies, the lack of clear guidance has made it difficult or impossible for us to consistently implement the new law optimally in FFY 2025 and 2026. New Jersey has had to sue in order to meaningfully escalate errors in USDA's guidance and prompt USDA to issue updated, corrected guidance. Accordingly, so that New Jersey and other states do not incur enormous financial liabilities based on payment errors directly attributable to USDA's inadequate implementation of new SNAP policies, the cost shift liability should be postponed until at least FFY 2030, using the PER from FFY 2027.

6. **New Jersey cannot financially sustain H.R. 1's shift of the economic burden of SNAP to the states.**

H.R. 1 already incorporates a change in administrative costs that is straining county governments. Before H.R. 1, the federal government covered 50% of administrative costs. Starting in FFY 2027, that amount will be lowered to 25%, meaning that the State agency and County government partners will already need to cover approximately $99 million in additional costs here in New Jersey each and every year. When we compound that with the additional potential SNAP cost shift of $98-293 million each year, this potential cumulative burden of hundreds of millions of dollars each year becomes untenable. The cost shifts threaten both State government and County partners' budgets and, as a result, our ability to deliver social services to our most vulnerable residents.

Conclusion

The H.R. 1 PER-based cost shift provisions do not improve payment accuracy nor address waste, fraud, and/or abuse, and create a substantial burden on our State and County administrations that threatens our ability to address the critical needs of low-income families across our State. While we urge the elimination of cost shift provisions entirely, we recommend at minimum postponing the implementation of the SNAP cost shift to allow sufficient time to address the many concerns and inconsistencies in its implementation.

Delaying the H.R. 1 cost shift provisions until at least FFY 2030, using the FFY 2027 PER, will ensure that States are held accountable for program errors only after clear policy guidance on complicated federal program changes has been provided and fully implemented. FFY 2030 is the same year that H.R. 1 already permits those states with the highest PERs to implement the cost-share provision. This request to delay the onset echoes the proposals set forth by the National Governors Association,[4] the American Public Human Services Association, the National Association of Counties, the National Conference of State Legislatures, the National Association of County Human Services Administrators, the National League of Cities, the International County/City management Association, the U.S. Conference of Mayors, the Council of State Governments, and many other state and local agencies.

Thank you for your consideration, and please feel free to contact me for more information or if you have questions.

Sincerely,

Stephen Cha
Commissioner

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State of New Jersey
OFFICE OF THE GOVERNOR
P.O. Box 001
TRENTON, NJ 08625-0001

MIKIE SHERRILL
Governor

April 29, 2026

The Honorable Analilia Mejia
U.S. House of Representatives
1427 Longworth House Office Building
Washington, DC 20515

Dear Representative Mejia:

The State of New Jersey is committed to ensuring that families have reliable access to nutritious food. Addressing food insecurity, especially for children, is a basic building block for future success. New Jersey's Supplemental Nutrition Assistance Program, SNAP, helps families—of participants, over 40 percent are children, one in three individuals with disabilities, and one in five seniors ages 60 years and older—access affordable, nourishing foods at more than 6,000 retailers across New Jersey.

However, because of the Trump Administration's policies – namely H.R.1 – our progress in driving down food insecurity is at risk. This is significantly due to the misapplication of payment error rates, which is compounding pressures from more than 47,000 New Jerseyans being stripped of their benefits due to new work requirements and roughly $99 million in SNAP administrative cost shifts.

In New Jersey, our priority is feeding our families. Rather than creating unnecessary red tape and barriers to benefits, we prioritize real payment accuracy and streamlining. New Jersey continues to work concertedly to improve program integrity through updating systems and processes, enhancing technical assistance to counties, and more.

The SNAP cost shift provisions tied to the PER should be eliminated altogether in any legislation that addresses food and nutrition assistance. At a minimum, I respectfully urge you to work with your colleagues to include a delay, until at least FFY2030, for the onset of the SNAP cost shift. Delaying the SNAP cost shift is supported on a bipartisan basis among the nation's Governors.[1]

Cost shifting provisions are placing increased burdens on New Jersey without adding significant value to the SNAP program. This includes applying a fundamentally flawed metric—the USDA's payment error rate (PER)—to dictate whether New Jersey taxpayers must absorb hundreds of millions of dollars.

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As detailed in the enclosed letter from Human Services Commissioner Cha:

1. The USDA's PER is not an appropriate measurement tool for the federal government's stated purposes.
2. New Jersey has a history of receiving inaccurate and unreliable PER calculations from the USDA.
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While our collective battle to deliver food security is far from over, SNAP has been invaluable in ensuring access to nourishing options for about 850,000 New Jerseyans. We rely upon sustained federal partnerships and resources to continue facilitating this important progress. Thank you.

Sincerely,

Mikie Sherrill
Governor

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DR. DALE G. CALDWELL
Lt. Governor

State of New Jersey
DEPARTMENT OF HUMAN SERVICES
P.O. Box 700
Trenton, NJ 08625

STEPHEN CHA, MD, MHSR
Commissioner

April 28, 2026

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U.S. House of Representatives
1427 Longworth House Office Building
Washington, DC 20515

Dear Representative Mejia:

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The State of New Jersey has major concerns about the SNAP cost shift based on PERs and the potential for hundreds of millions of dollars to be shifted onto New Jersey taxpayers. For the reasons outlined below, the SNAP cost shift provisions should be eliminated altogether. At a minimum, I respectfully urge you to work with your colleagues to delay until at least FFY2030 the onset of the SNAP cost shift.

Overview

Beginning in Federal Fiscal Year (FFY) 2028, H.R. 1 will require, for the first time in our nation's history, that states contribute to the cost of SNAP benefits based on the United States Department of Agriculture's (USDA) calculation of the state's PER. This is an inappropriate and flawed metric for this purpose—it is not the most effective tool available to encourage administrative accuracy while reducing waste, fraud, and abuse. The cost shift provision in H.R. 1 both fails to advance that goal and will inflict significant harm on New Jersey residents. As detailed below:

1. The PER is not, and has never been, an appropriate metric for assessing SNAP waste, fraud, and abuse;
2. USDA's approach to calculating states' PERs is not sufficiently accurate nor reliable to underlie an enormous cost share liability;
3. Using the PER for the SNAP cost shift is duplicative and inappropriate;
4. H.R. 1 fails to provide any due process provisions for challenging USDA's calculation of a state's PER;
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6. New Jersey cannot financially sustain H.R. 1's shift of the economic burden of SNAP to the states. Roughly 850,000 New Jerseyans rely on SNAP to nourish their families.

Under H.R. 1, if the state's PER is at or above 6% as calculated by USDA, the state must contribute to the SNAP benefit costs at rates ranging from 5% to 15% of the total SNAP allotments, which translates anywhere from $98 to $293 million annually for the State of New Jersey. Since the PER from either FFY 2025 or 2026 will be used to calculate the applicable benefit cost share for FFY 2028, H.R. 1 has already locked New Jersey into costs without a chance to adapt.

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In December 2024, the USDA issued a QC policy memo with a retroactive policy reversal for FFY 2024. If that policy reversal had been applied to New Jersey's QC cases for FFY 2023, our PER would have decreased from 35.70% to 4.91%. Although the policy reversal did apply retroactively to FFY 2024, it was incorrectly applied—inflating our PER to 14.33% when it should have been 5.65%. These massive discrepancies demonstrate the fundamental flaws in the current PER system. If the cost shift provision of H.R. 1 required the use of FFY 2023 or FFY 2024 PER instead of FFY 2025, this discrepancy would have unjustly cost the State of New Jersey $293 million dollars.

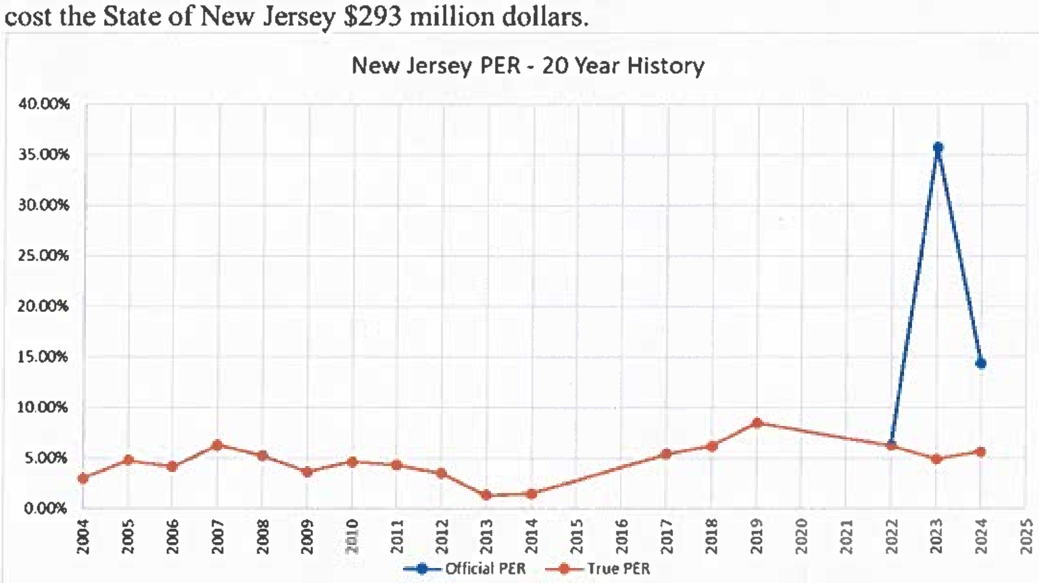

Figure 2. New Jersey payment error rates over time demonstrate the substantive impact of the 310 Handbook changes that implemented the inclusion of administrative errors in the PER. Under the revised December 2024 policy memo, NJ's 2023 true PER would be 4.91% and the 2024 true PER would be 5.65%.

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[3] 7 CFR 275.12(d)(3) specifically excludes administrative deficiencies such as a missing application or overdue recertification from the payment error rate. FNS implemented changes to sections 751 and 752 the 310 Handbook which mandated the inclusion of these administrative deficiencies in the error rate.

3. **Using the PER for the SNAP cost shift is duplicative and inappropriate.**

Longstanding federal quality control laws already impose a financial liability on States if their PERs exceed a national benchmark for two consecutive years. This liability is assessed directly upon the State, and not on the federal contribution to benefits. The PER was specifically designed to assess this liability amount using QC data; and, prior to H.R. 1, it was never contemplated that the PER would be used in a cost shift context nor impact the federal contribution to benefits. Not only is the PER not designed for cost shift purposes, but the PER is now used to impose two separate and distinct financial penalties for exactly the same circumstance. Having multiple financial penalties from a single metric is duplicative and inappropriate.

4. **H.R. 1 fails to provide any mechanism for challenging USDA's calculation of a state's PER.**

Despite the unprecedented policy change of reducing federal contribution for food benefits by hundreds of millions of dollars, the benefit cost shift provision in H.R. 1 does not include any due process provisions for a state to appeal or dispute the PER published by the USDA. Current law only permits a state to appeal a PER if the state is assessed as a QC liability for the second year in which the state exceeds 105% of the national average.

Benefit cost shifts represent a larger financial risk to states than the QC liability amounts, yet H.R. 1 failed to provide any transparency or due process mechanism for a state to appeal FNS' determination of a PER. An appeal process should be included in the statute prior to the implementation of the cost shift provision of H.R. 1, particularly given the discrepancies over time and the discrepancies between the QC handbook and federal regulations detailed in section #2 above.

5. **Cost shift liability should be postponed due to USDA's delayed and unclear implementation of H.R. 1's significant SNAP policy changes.**

H.R. 1 included complex federal changes to SNAP policies relating to Able Bodied Adults Without Dependents (ABAWDs), non-citizen eligibility, and heating and cooling deductions. USDA has implemented these significant policy changes with delayed and/or inadequate guidance. Although New Jersey will continue to do our best to train over 4,000 county social services agencies' employees on the new policies, the lack of clear guidance has made it difficult or impossible for us to consistently implement the new law optimally in FFY 2025 and 2026. New Jersey has had to sue in order to meaningfully escalate errors in USDA's guidance and prompt USDA to issue updated, corrected guidance. Accordingly, so that New Jersey and other states do not incur enormous financial liabilities based on payment errors directly attributable to USDA's inadequate implementation of new SNAP policies, the cost shift liability should be postponed until at least FFY 2030, using the PER from FFY 2027.

6. **New Jersey cannot financially sustain H.R. 1's shift of the economic burden of SNAP to the states.**

H.R. 1 already incorporates a change in administrative costs that is straining county governments. Before H.R. 1, the federal government covered 50% of administrative costs. Starting in FFY 2027, that amount will be lowered to 25%, meaning that the State agency and County government partners will already need to cover approximately $99 million in additional costs here in New Jersey each and every year. When we compound that with the additional potential SNAP cost shift of $98-293 million each year, this potential cumulative burden of hundreds of millions of dollars each year becomes untenable. The cost shifts threaten both State government and County partners' budgets and, as a result, our ability to deliver social services to our most vulnerable residents.

Conclusion

The H.R. 1 PER-based cost shift provisions do not improve payment accuracy nor address waste, fraud, and/or abuse, and create a substantial burden on our State and County administrations that threatens our ability to address the critical needs of low-income families across our State. While we urge the elimination of cost shift provisions entirely, we recommend at minimum postponing the implementation of the SNAP cost shift to allow sufficient time to address the many concerns and inconsistencies in its implementation.

Delaying the H.R. 1 cost shift provisions until at least FFY 2030, using the FFY 2027 PER, will ensure that States are held accountable for program errors only after clear policy guidance on complicated federal program changes has been provided and fully implemented. FFY 2030 is the same year that H.R. 1 already permits those states with the highest PERs to implement the cost-share provision. This request to delay the onset echoes the proposals set forth by the National Governors Association,[4] the American Public Human Services Association, the National Association of Counties, the National Conference of State Legislatures, the National Association of County Human Services Administrators, the National League of Cities, the International County/City management Association, the U.S. Conference of Mayors, the Council of State Governments, and many other state and local agencies.

Thank you for your consideration, and please feel free to contact me for more information or if you have questions.

Sincerely,

Stephen Cha
Commissioner

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[4] *NGA Joins Coalition Letter Outlining Snap Recommendations*. National Governors Association. (2026, January 8). https://www.nga.org/advocacy-communications/letters-nga/nga-joins-coalition-letter-outlining-snap-recommendations/

State of New Jersey
OFFICE OF THE GOVERNOR
P.O. Box 001
TRENTON, NJ 08625-0001

MIKIE SHERRILL
Governor

April 29, 2026

The Honorable Donald Norcross
U.S. House of Representatives
2427 Rayburn House Office Building
Washington, DC 20515

Dear Representative Norcross:

The State of New Jersey is committed to ensuring that families have reliable access to nutritious food. Addressing food insecurity, especially for children, is a basic building block for future success. New Jersey's Supplemental Nutrition Assistance Program, SNAP, helps families—of participants, over 40 percent are children, one in three individuals with disabilities, and one in five seniors ages 60 years and older—access affordable, nourishing foods at more than 6,000 retailers across New Jersey.

However, because of the Trump Administration's policies – namely H.R.1 – our progress in driving down food insecurity is at risk. This is significantly due to the misapplication of payment error rates, which is compounding pressures from more than 47,000 New Jerseyans being stripped of their benefits due to new work requirements and roughly $99 million in SNAP administrative cost shifts.

In New Jersey, our priority is feeding our families. Rather than creating unnecessary red tape and barriers to benefits, we prioritize real payment accuracy and streamlining. New Jersey continues to work concertedly to improve program integrity through updating systems and processes, enhancing technical assistance to counties, and more.

The SNAP cost shift provisions tied to the PER should be eliminated altogether in any legislation that addresses food and nutrition assistance. At a minimum, I respectfully urge you to work with your colleagues to include a delay, until at least FFY2030, for the onset of the SNAP cost shift. Delaying the SNAP cost shift is supported on a bipartisan basis among the nation's Governors.[1]

Cost shifting provisions are placing increased burdens on New Jersey without adding significant value to the SNAP program. This includes applying a fundamentally flawed metric—the USDA's payment error rate (PER)—to dictate whether New Jersey taxpayers must absorb hundreds of millions of dollars.

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As detailed in the enclosed letter from Human Services Commissioner Cha:

1. The USDA's PER is not an appropriate measurement tool for the federal government's stated purposes.
2. New Jersey has a history of receiving inaccurate and unreliable PER calculations from the USDA.
3. Use of the PER as a basis for the SNAP cost shift results in duplication of existing fines on high error rates.
4. No official process exists for states to challenge errors in USDA calculations.
5. The cost shift is scheduled to apply to PERs from before full federal guidance on major SNAP policy changes.
6. The PER cost shift will cost New Jersey another $98-293 million each year to deliver essential food assistance to families. This is on top of the approximately $99 million already imposed by annual SNAP administration cost shifts.

While our collective battle to deliver food security is far from over, SNAP has been invaluable in ensuring access to nourishing options for about 850,000 New Jerseyans. We rely upon sustained federal partnerships and resources to continue facilitating this important progress. Thank you.

Sincerely,

Mikie Sherrill
Governor

MIKIE SHERRILL
Governor

DR. DALE G. CALDWELL
Lt. Governor

State of New Jersey
DEPARTMENT OF HUMAN SERVICES
P.O. Box 700
Trenton, NJ 08625

STEPHEN CHA, MD, MHSR
Commissioner

April 28, 2026

The Honorable Donald Norcross
U.S. House of Representatives
2427 Rayburn House Office Building
Washington, DC 20515

Dear Representative Norcross:

I am writing to you as the Commissioner of the New Jersey Department of Human Services to express my deep concerns about the impact of the dramatic shift of the costs of the Supplemental Nutrition Assistance Program (SNAP) from the federal government to the states, and the inappropriate use of states' payment error rates (PERs) to calculate these new state costs, as detailed in H.R. 1 (formally titled the One Big Beautiful Bill Act).

The State of New Jersey has major concerns about the SNAP cost shift based on PERs and the potential for hundreds of millions of dollars to be shifted onto New Jersey taxpayers. For the reasons outlined below, the SNAP cost shift provisions should be eliminated altogether. At a minimum, I respectfully urge you to work with your colleagues to delay until at least FFY2030 the onset of the SNAP cost shift.

Overview

Beginning in Federal Fiscal Year (FFY) 2028, H.R. 1 will require, for the first time in our nation's history, that states contribute to the cost of SNAP benefits based on the United States Department of Agriculture's (USDA) calculation of the state's PER. This is an inappropriate and flawed metric for this purpose—it is not the most effective tool available to encourage administrative accuracy while reducing waste, fraud, and abuse. The cost shift provision in H.R. 1 both fails to advance that goal and will inflict significant harm on New Jersey residents. As detailed below:

1. The PER is not, and has never been, an appropriate metric for assessing SNAP waste, fraud, and abuse;
2. USDA's approach to calculating states' PERs is not sufficiently accurate nor reliable to underlie an enormous cost share liability;
3. Using the PER for the SNAP cost shift is duplicative and inappropriate;
4. H.R. 1 fails to provide any due process provisions for challenging USDA's calculation of a state's PER;
5. Cost shift liability should be postponed due to USDA's delayed and unclear implementation of H.R. 1's significant SNAP policy changes; and

6. New Jersey cannot financially sustain H.R. 1's shift of the economic burden of SNAP to the states. Roughly 850,000 New Jerseyans rely on SNAP to nourish their families.

Under H.R. 1, if the state's PER is at or above 6% as calculated by USDA, the state must contribute to the SNAP benefit costs at rates ranging from 5% to 15% of the total SNAP allotments, which translates anywhere from $98 to $293 million annually for the State of New Jersey. Since the PER from either FFY 2025 or 2026 will be used to calculate the applicable benefit cost share for FFY 2028, H.R. 1 has already locked New Jersey into costs without a chance to adapt.

Payment accuracy is and always has been a priority for New Jersey. We have implemented significant measures to improve payment accuracy, including system updates, streamlining processes, providing state staff support to administering counties, creating a state-level corrective action team, and developing detailed analytic tools for SNAP caseloads and payment errors.

1. **The PER is not an appropriate metric for assessing SNAP waste, fraud, and abuse.**

The PER is not, and has never been, a measure for rooting out fraud and/or waste. Using the PER as the metric to reduce the federal contribution for a food benefit for individuals is ungrounded, unprecedented, and harmful to state and county governments, and to the individuals who we serve.

The USDA has repeatedly expressed that the purpose of the quality control process and resulting PER is to ensure that eligible SNAP recipients get the correct amount of benefits, and to identify areas for states to improve their programs. In printed material, on its websites, and in official guidance, the USDA has repeatedly stated that "the PER is not a fraud rate" and has reiterated that "[p]ayment errors are <u>largely unintentional</u> and may be on the part of the state agency or the SNAP household. For example, the state agency incorrectly calculates a household's expenses, or a client forgets to provide the state with an update on their income."[2]

Addressing Payment Errors

FNS works closely with state agencies to minimize payments errors and improve program accuracy. Through quality control, FNS helps state agencies identify the root causes of their payment errors and assists them in developing a corrective action plan to improve the accuracy of their eligibility and benefit determinations. Examples of actions a state might take include providing training to caseworkers, improving data systems, or implementing new policies and procedures.

Payment errors can have significant implications for both participants and the program. FNS takes quality control very seriously and is continuously working to enhance program integrity and reduce payment errors through ongoing monitoring, training, and technical assistance to state agencies. FNS also works to make improvements to the quality control system by developing new policies and improved tools designed to prevent payment errors.

The SNAP Payment Error Rate Is Not a Fraud Rate

The SNAP Payment Error Rate is a measure of how accurately states determine eligibility and benefit amounts.

Assessing Liabilities

USDA is required to establish a liability amount when a state's SNAP payment error rate exceeds the national payment error rate and meets additional statutory criteria. These liability amounts can be paid immediately to USDA or settled by investing 50% of the penalty amount in activities that are focused on improving the state's administration of SNAP. The remaining 50% is held "at-risk" for future payment. If, in a third consecutive year, the State is assessed a liability amount again for poor performance, they are required to pay the remaining 50% at-risk amount from the previous year to USDA. It's important to note that by law, state agencies are responsible for monitoring and improving SNAP administration. While the federal government oversees the program, the specifics of ensuring accurate benefits are provided to eligible households fall under state control, providing states with autonomy in addressing and rectifying errors.

Figure 1: This is a screenshot of the USDA webpage for the SNAP Quality Control program from June of 2025.

Moreover, the PER is not reflective of federal waste, since it is a combination of both under- and over-issuances. For example, if quality control (QC) reviews find that, over the course of a full year, $2,000 was

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over-issued and $2,000 was under-issued, this scenario would represent $0 in additional Federal SNAP costs. Both scenarios are issues to rectify; in no case should this scenario lead to a loss of federal contribution to food benefits.

2. **USDA's approach to calculating states' PERs is not sufficiently accurate nor reliable to underlie an enormous cost share liability.**

There are multiple instances where SNAP regulations do not align with QC rules,[3] thereby creating payment errors despite State agencies following federal regulations correctly. Moreover, USDA's published PERs do not always match USDA's own calculation methodology. New Jersey's experience over the past few years demonstrates these shortcomings, exposing some major flaws in how USDA has determined our PER.

In FFY 2023 and 2024, USDA made substantive changes to the Food and Nutrition Service (FNS) 310 Handbook (the federal manual that dictates how SNAP QC reviews are conducted), which resulted in an inflated PER for New Jersey for those years. New Jersey submitted written objections to USDA on June 1, 2023 regarding those changes and their effect on our PER, outlining how they did not align with federal regulations and Congressional intent. The State of New Jersey formally requested that the USDA withhold publication of the PER, dismiss claims established against households based on erroneous QC findings, refund payments to households, and hold states harmless for any errors incurred due to this. However, no response was received from FNS.

In December 2024, the USDA issued a QC policy memo with a retroactive policy reversal for FFY 2024. If that policy reversal had been applied to New Jersey's QC cases for FFY 2023, our PER would have decreased from 35.70% to 4.91%. Although the policy reversal did apply retroactively to FFY 2024, it was incorrectly applied—inflating our PER to 14.33% when it should have been 5.65%. These massive discrepancies demonstrate the fundamental flaws in the current PER system. If the cost shift provision of H.R. 1 required the use of FFY 2023 or FFY 2024 PER instead of FFY 2025, this discrepancy would have unjustly cost the State of New Jersey $293 million dollars.

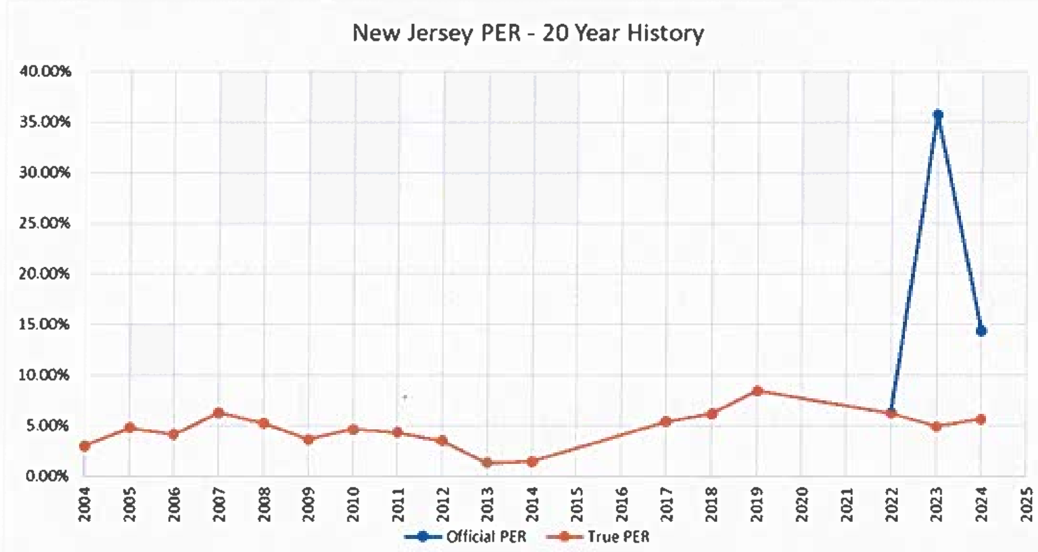

Figure 2. New Jersey payment error rates over time demonstrate the substantive impact of the 310 Handbook changes that implemented the inclusion of administrative errors in the PER. Under the revised December 2024 policy memo, NJ's 2023 true PER would be 4.91% and the 2024 true PER would be 5.65%.

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Longstanding federal quality control laws already impose a financial liability on States if their PERs exceed a national benchmark for two consecutive years. This liability is assessed directly upon the State, and not on the federal contribution to benefits. The PER was specifically designed to assess this liability amount using QC data; and, prior to H.R. 1, it was never contemplated that the PER would be used in a cost shift context nor impact the federal contribution to benefits. Not only is the PER not designed for cost shift purposes, but the PER is now used to impose two separate and distinct financial penalties for exactly the same circumstance. Having multiple financial penalties from a single metric is duplicative and inappropriate.

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6. New Jersey cannot financially sustain H.R. 1's shift of the economic burden of SNAP to the states.

H.R. 1 already incorporates a change in administrative costs that is straining county governments. Before H.R. 1, the federal government covered 50% of administrative costs. Starting in FFY 2027, that amount will be lowered to 25%, meaning that the State agency and County government partners will already need to cover approximately $99 million in additional costs here in New Jersey each and every year. When we compound that with the additional potential SNAP cost shift of $98-293 million each year, this potential cumulative burden of hundreds of millions of dollars each year becomes untenable. The cost shifts threaten both State government and County partners' budgets and, as a result, our ability to deliver social services to our most vulnerable residents.

Conclusion

The H.R. 1 PER-based cost shift provisions do not improve payment accuracy nor address waste, fraud, and/or abuse, and create a substantial burden on our State and County administrations that threatens our ability to address the critical needs of low-income families across our State. While we urge the elimination of cost shift provisions entirely, we recommend at minimum postponing the implementation of the SNAP cost shift to allow sufficient time to address the many concerns and inconsistencies in its implementation.

Delaying the H.R. 1 cost shift provisions until at least FFY 2030, using the FFY 2027 PER, will ensure that States are held accountable for program errors only after clear policy guidance on complicated federal program changes has been provided and fully implemented. FFY 2030 is the same year that H.R. 1 already permits those states with the highest PERs to implement the cost-share provision. This request to delay the onset echoes the proposals set forth by the National Governors Association,[4] the American Public Human Services Association, the National Association of Counties, the National Conference of State Legislatures, the National Association of County Human Services Administrators, the National League of Cities, the International County/City management Association, the U.S. Conference of Mayors, the Council of State Governments, and many other state and local agencies.

Thank you for your consideration, and please feel free to contact me for more information or if you have questions.

Sincerely,

Stephen Cha
Commissioner

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State of New Jersey
OFFICE OF THE GOVERNOR
P.O. Box 001
TRENTON, NJ 08625-0001

MIKIE SHERRILL
Governor

April 29, 2026

The Honorable Frank Pallone Jr.
U.S. House of Representatives
2107 Rayburn House Office Building
Washington, DC 20515

Dear Representative Pallone:

The State of New Jersey is committed to ensuring that families have reliable access to nutritious food. Addressing food insecurity, especially for children, is a basic building block for future success. New Jersey's Supplemental Nutrition Assistance Program, SNAP, helps families—of participants, over 40 percent are children, one in three individuals with disabilities, and one in five seniors ages 60 years and older—access affordable, nourishing foods at more than 6,000 retailers across New Jersey.

However, because of the Trump Administration's policies – namely H.R.1 – our progress in driving down food insecurity is at risk. This is significantly due to the misapplication of payment error rates, which is compounding pressures from more than 47,000 New Jerseyans being stripped of their benefits due to new work requirements and roughly $99 million in SNAP administrative cost shifts.

In New Jersey, our priority is feeding our families. Rather than creating unnecessary red tape and barriers to benefits, we prioritize real payment accuracy and streamlining. New Jersey continues to work concertedly to improve program integrity through updating systems and processes, enhancing technical assistance to counties, and more.

The SNAP cost shift provisions tied to the PER should be eliminated altogether in any legislation that addresses food and nutrition assistance. At a minimum, I respectfully urge you to work with your colleagues to include a delay, until at least FFY2030, for the onset of the SNAP cost shift. Delaying the SNAP cost shift is supported on a bipartisan basis among the nation's Governors.[1]

Cost shifting provisions are placing increased burdens on New Jersey without adding significant value to the SNAP program. This includes applying a fundamentally flawed metric—the USDA's payment error rate (PER)—to dictate whether New Jersey taxpayers must absorb hundreds of millions of dollars.

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As detailed in the enclosed letter from Human Services Commissioner Cha:

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While our collective battle to deliver food security is far from over, SNAP has been invaluable in ensuring access to nourishing options for about 850,000 New Jerseyans. We rely upon sustained federal partnerships and resources to continue facilitating this important progress. Thank you.

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DR. DALE G. CALDWELL
Lt. Governor

State of New Jersey
DEPARTMENT OF HUMAN SERVICES
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Trenton, NJ 08625

STEPHEN CHA, MD, MHSR
Commissioner

April 28, 2026

The Honorable Frank Pallone Jr.
U.S. House of Representatives
2107 Rayburn House Office Building
Washington, DC 20515

Dear Representative Pallone:

I am writing to you as the Commissioner of the New Jersey Department of Human Services to express my deep concerns about the impact of the dramatic shift of the costs of the Supplemental Nutrition Assistance Program (SNAP) from the federal government to the states, and the inappropriate use of states' payment error rates (PERs) to calculate these new state costs, as detailed in H.R. 1 (formally titled the One Big Beautiful Bill Act).

The State of New Jersey has major concerns about the SNAP cost shift based on PERs and the potential for hundreds of millions of dollars to be shifted onto New Jersey taxpayers. For the reasons outlined below, the SNAP cost shift provisions should be eliminated altogether. At a minimum, I respectfully urge you to work with your colleagues to delay until at least FFY2030 the onset of the SNAP cost shift.

Overview

Beginning in Federal Fiscal Year (FFY) 2028, H.R. 1 will require, for the first time in our nation's history, that states contribute to the cost of SNAP benefits based on the United States Department of Agriculture's (USDA) calculation of the state's PER. This is an inappropriate and flawed metric for this purpose—it is not the most effective tool available to encourage administrative accuracy while reducing waste, fraud, and abuse. The cost shift provision in H.R. 1 both fails to advance that goal and will inflict significant harm on New Jersey residents. As detailed below:

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Under H.R. 1, if the state's PER is at or above 6% as calculated by USDA, the state must contribute to the SNAP benefit costs at rates ranging from 5% to 15% of the total SNAP allotments, which translates anywhere from $98 to $293 million annually for the State of New Jersey. Since the PER from either FFY 2025 or 2026 will be used to calculate the applicable benefit cost share for FFY 2028, H.R. 1 has already locked New Jersey into costs without a chance to adapt.

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2. **USDA's approach to calculating states' PERs is not sufficiently accurate nor reliable to underlie an enormous cost share liability.**

There are multiple instances where SNAP regulations do not align with QC rules,[3] thereby creating payment errors despite State agencies following federal regulations correctly. Moreover, USDA's published PERs do not always match USDA's own calculation methodology. New Jersey's experience over the past few years demonstrates these shortcomings, exposing some major flaws in how USDA has determined our PER.

In FFY 2023 and 2024, USDA made substantive changes to the Food and Nutrition Service (FNS) 310 Handbook (the federal manual that dictates how SNAP QC reviews are conducted), which resulted in an inflated PER for New Jersey for those years. New Jersey submitted written objections to USDA on June 1, 2023 regarding those changes and their effect on our PER, outlining how they did not align with federal regulations and Congressional intent. The State of New Jersey formally requested that the USDA withhold publication of the PER, dismiss claims established against households based on erroneous QC findings, refund payments to households, and hold states harmless for any errors incurred due to this. However, no response was received from FNS.

In December 2024, the USDA issued a QC policy memo with a retroactive policy reversal for FFY 2024. If that policy reversal had been applied to New Jersey's QC cases for FFY 2023, our PER would have decreased from 35.70% to 4.91%. Although the policy reversal did apply retroactively to FFY 2024, it was incorrectly applied—inflating our PER to 14.33% when it should have been 5.65%. These massive discrepancies demonstrate the fundamental flaws in the current PER system. If the cost shift provision of H.R. 1 required the use of FFY 2023 or FFY 2024 PER instead of FFY 2025, this discrepancy would have unjustly cost the State of New Jersey $293 million dollars.

Figure 2. New Jersey payment error rates over time demonstrate the substantive impact of the 310 Handbook changes that implemented the inclusion of administrative errors in the PER. Under the revised December 2024 policy memo, NJ's 2023 true PER would be 4.91% and the 2024 true PER would be 5.65%.

[3] 7 CFR 275.12(d)(3) specifically excludes administrative deficiencies such as a missing application or overdue recertification from the payment error rate. FNS implemented changes to sections 751 and 752 the 310 Handbook which mandated the inclusion of these administrative deficiencies in the error rate.

3. **Using the PER for the SNAP cost shift is duplicative and inappropriate.**

Longstanding federal quality control laws already impose a financial liability on States if their PERs exceed a national benchmark for two consecutive years. This liability is assessed directly upon the State, and not on the federal contribution to benefits. The PER was specifically designed to assess this liability amount using QC data; and, prior to H.R. 1, it was never contemplated that the PER would be used in a cost shift context nor impact the federal contribution to benefits. Not only is the PER not designed for cost shift purposes, but the PER is now used to impose two separate and distinct financial penalties for exactly the same circumstance. Having multiple financial penalties from a single metric is duplicative and inappropriate.

4. **H.R. 1 fails to provide any mechanism for challenging USDA's calculation of a state's PER.**

Despite the unprecedented policy change of reducing federal contribution for food benefits by hundreds of millions of dollars, the benefit cost shift provision in H.R. 1 does not include any due process provisions for a state to appeal or dispute the PER published by the USDA. Current law only permits a state to appeal a PER if the state is assessed as a QC liability for the second year in which the state exceeds 105% of the national average.

Benefit cost shifts represent a larger financial risk to states than the QC liability amounts, yet H.R. 1 failed to provide any transparency or due process mechanism for a state to appeal FNS' determination of a PER. An appeal process should be included in the statute prior to the implementation of the cost shift provision of H.R. 1, particularly given the discrepancies over time and the discrepancies between the QC handbook and federal regulations detailed in section #2 above.

5. **Cost shift liability should be postponed due to USDA's delayed and unclear implementation of H.R. 1's significant SNAP policy changes.**

H.R. 1 included complex federal changes to SNAP policies relating to Able Bodied Adults Without Dependents (ABAWDs), non-citizen eligibility, and heating and cooling deductions. USDA has implemented these significant policy changes with delayed and/or inadequate guidance. Although New Jersey will continue to do our best to train over 4,000 county social services agencies' employees on the new policies, the lack of clear guidance has made it difficult or impossible for us to consistently implement the new law optimally in FFY 2025 and 2026. New Jersey has had to sue in order to meaningfully escalate errors in USDA's guidance and prompt USDA to issue updated, corrected guidance. Accordingly, so that New Jersey and other states do not incur enormous financial liabilities based on payment errors directly attributable to USDA's inadequate implementation of new SNAP policies, the cost shift liability should be postponed until at least FFY 2030, using the PER from FFY 2027.

6. **New Jersey cannot financially sustain H.R. 1's shift of the economic burden of SNAP to the states.**

H.R. 1 already incorporates a change in administrative costs that is straining county governments. Before H.R. 1, the federal government covered 50% of administrative costs. Starting in FFY 2027, that amount will be lowered to 25%, meaning that the State agency and County government partners will already need to cover approximately $99 million in additional costs here in New Jersey each and every year. When we compound that with the additional potential SNAP cost shift of $98-293 million each year, this potential cumulative burden of hundreds of millions of dollars each year becomes untenable. The cost shifts threaten both State government and County partners' budgets and, as a result, our ability to deliver social services to our most vulnerable residents.

Conclusion

The H.R. 1 PER-based cost shift provisions do not improve payment accuracy nor address waste, fraud, and/or abuse, and create a substantial burden on our State and County administrations that threatens our ability to address the critical needs of low-income families across our State. While we urge the elimination of cost shift provisions entirely, we recommend at minimum postponing the implementation of the SNAP cost shift to allow sufficient time to address the many concerns and inconsistencies in its implementation.

Delaying the H.R. 1 cost shift provisions until at least FFY 2030, using the FFY 2027 PER, will ensure that States are held accountable for program errors only after clear policy guidance on complicated federal program changes has been provided and fully implemented. FFY 2030 is the same year that H.R. 1 already permits those states with the highest PERs to implement the cost-share provision. This request to delay the onset echoes the proposals set forth by the National Governors Association,[4] the American Public Human Services Association, the National Association of Counties, the National Conference of State Legislatures, the National Association of County Human Services Administrators, the National League of Cities, the International County/City management Association, the U.S. Conference of Mayors, the Council of State Governments, and many other state and local agencies.

Thank you for your consideration, and please feel free to contact me for more information or if you have questions.

Sincerely,

Stephen Cha
Commissioner

[4] *NGA Joins Coalition Letter Outlining Snap Recommendations.* National Governors Association. (2026, January 8). https://www.nga.org/advocacy-communications/letters-nga/nga-joins-coalition-letter-outlining-snap-recommendations/

State of New Jersey
OFFICE OF THE GOVERNOR
P.O. Box 001
TRENTON, NJ 08625-0001

MIKIE SHERRILL
Governor

April 29, 2026

The Honorable Herbert Conaway, MD
U.S. House of Representatives
1022 Longworth House Office Building
Washington, DC 20515

Dear Representative Conaway:

The State of New Jersey is committed to ensuring that families have reliable access to nutritious food. Addressing food insecurity, especially for children, is a basic building block for future success. New Jersey's Supplemental Nutrition Assistance Program, SNAP, helps families—of participants, over 40 percent are children, one in three individuals with disabilities, and one in five seniors ages 60 years and older—access affordable, nourishing foods at more than 6,000 retailers across New Jersey.

However, because of the Trump Administration's policies – namely H.R.1 – our progress in driving down food insecurity is at risk. This is significantly due to the misapplication of payment error rates, which is compounding pressures from more than 47,000 New Jerseyans being stripped of their benefits due to new work requirements and roughly $99 million in SNAP administrative cost shifts.

In New Jersey, our priority is feeding our families. Rather than creating unnecessary red tape and barriers to benefits, we prioritize real payment accuracy and streamlining. New Jersey continues to work concertedly to improve program integrity through updating systems and processes, enhancing technical assistance to counties, and more.

The SNAP cost shift provisions tied to the PER should be eliminated altogether in any legislation that addresses food and nutrition assistance. At a minimum, I respectfully urge you to work with your colleagues to include a delay, until at least FFY2030, for the onset of the SNAP cost shift. Delaying the SNAP cost shift is supported on a bipartisan basis among the nation's Governors.[1]

Cost shifting provisions are placing increased burdens on New Jersey without adding significant value to the SNAP program. This includes applying a fundamentally flawed metric—the USDA's payment error rate (PER)—to dictate whether New Jersey taxpayers must absorb hundreds of millions of dollars.

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[1] https://www.nga.org/advocacy-communications/letters-nga/nga-joins-coalition-letter-outlining-snap-recommendations/

As detailed in the enclosed letter from Human Services Commissioner Cha:

1. The USDA's PER is not an appropriate measurement tool for the federal government's stated purposes.
2. New Jersey has a history of receiving inaccurate and unreliable PER calculations from the USDA.
3. Use of the PER as a basis for the SNAP cost shift results in duplication of existing fines on high error rates.
4. No official process exists for states to challenge errors in USDA calculations.
5. The cost shift is scheduled to apply to PERs from before full federal guidance on major SNAP policy changes.
6. The PER cost shift will cost New Jersey another $98-293 million each year to deliver essential food assistance to families. This is on top of the approximately $99 million already imposed by annual SNAP administration cost shifts.

While our collective battle to deliver food security is far from over, SNAP has been invaluable in ensuring access to nourishing options for about 850,000 New Jerseyans. We rely upon sustained federal partnerships and resources to continue facilitating this important progress. Thank you.

Sincerely,

Mikie Sherrill
Governor

MIKIE SHERRILL
Governor

DR. DALE G. CALDWELL
Lt. Governor

State of New Jersey
DEPARTMENT OF HUMAN SERVICES
P.O. Box 700
Trenton, NJ 08625

STEPHEN CHA, MD, MHSR
Commissioner

April 28, 2026

The Honorable Herbert Conaway, MD
U.S. House of Representatives
1022 Longworth House Office Building
Washington, DC 20515

Dear Representative Conaway:

I am writing to you as the Commissioner of the New Jersey Department of Human Services to express my deep concerns about the impact of the dramatic shift of the costs of the Supplemental Nutrition Assistance Program (SNAP) from the federal government to the states, and the inappropriate use of states' payment error rates (PERs) to calculate these new state costs, as detailed in H.R. 1 (formally titled the One Big Beautiful Bill Act).

The State of New Jersey has major concerns about the SNAP cost shift based on PERs and the potential for hundreds of millions of dollars to be shifted onto New Jersey taxpayers. For the reasons outlined below, the SNAP cost shift provisions should be eliminated altogether. At a minimum, I respectfully urge you to work with your colleagues to delay until at least FFY2030 the onset of the SNAP cost shift.

Overview

Beginning in Federal Fiscal Year (FFY) 2028, H.R. 1 will require, for the first time in our nation's history, that states contribute to the cost of SNAP benefits based on the United States Department of Agriculture's (USDA) calculation of the state's PER. This is an inappropriate and flawed metric for this purpose—it is not the most effective tool available to encourage administrative accuracy while reducing waste, fraud, and abuse. The cost shift provision in H.R. 1 both fails to advance that goal and will inflict significant harm on New Jersey residents. As detailed below:

1. The PER is not, and has never been, an appropriate metric for assessing SNAP waste, fraud, and abuse;
2. USDA's approach to calculating states' PERs is not sufficiently accurate nor reliable to underlie an enormous cost share liability;
3. Using the PER for the SNAP cost shift is duplicative and inappropriate;
4. H.R. 1 fails to provide any due process provisions for challenging USDA's calculation of a state's PER;
5. Cost shift liability should be postponed due to USDA's delayed and unclear implementation of H.R. 1's significant SNAP policy changes; and

6. New Jersey cannot financially sustain H.R. 1's shift of the economic burden of SNAP to the states. Roughly 850,000 New Jerseyans rely on SNAP to nourish their families.

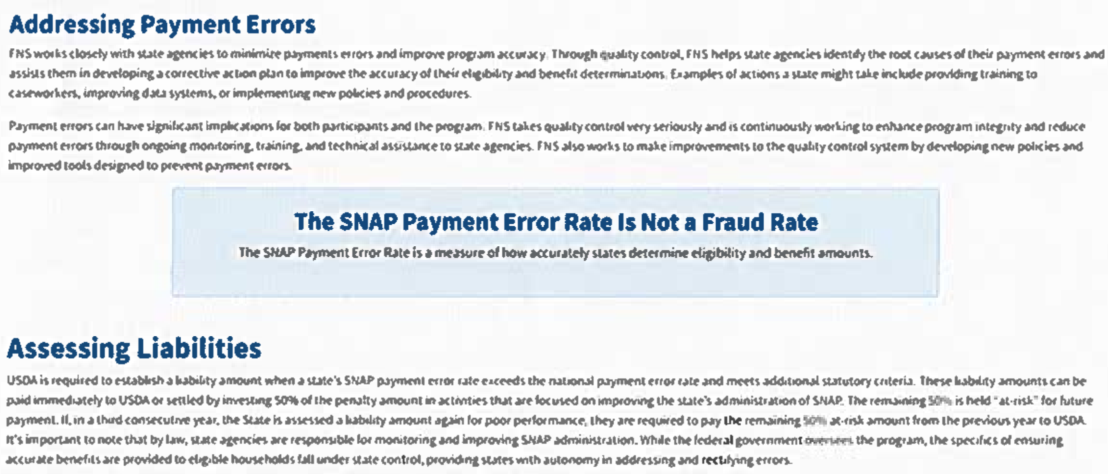
Under H.R. 1, if the state's PER is at or above 6% as calculated by USDA, the state must contribute to the SNAP benefit costs at rates ranging from 5% to 15% of the total SNAP allotments, which translates anywhere from $98 to $293 million annually for the State of New Jersey. Since the PER from either FFY 2025 or 2026 will be used to calculate the applicable benefit cost share for FFY 2028, H.R. 1 has already locked New Jersey into costs without a chance to adapt.

Payment accuracy is and always has been a priority for New Jersey. We have implemented significant measures to improve payment accuracy, including system updates, streamlining processes, providing state staff support to administering counties, creating a state-level corrective action team, and developing detailed analytic tools for SNAP caseloads and payment errors.

1. **The PER is not an appropriate metric for assessing SNAP waste, fraud, and abuse.**

The PER is not, and has never been, a measure for rooting out fraud and/or waste. Using the PER as the metric to reduce the federal contribution for a food benefit for individuals is ungrounded, unprecedented, and harmful to state and county governments, and to the individuals who we serve.

The USDA has repeatedly expressed that the purpose of the quality control process and resulting PER is to ensure that eligible SNAP recipients get the correct amount of benefits, and to identify areas for states to improve their programs. In printed material, on its websites, and in official guidance, the USDA has repeatedly stated that "the PER is not a fraud rate" and has reiterated that "[p]ayment errors are <u>largely unintentional</u> and may be on the part of the state agency or the SNAP household. For example, the state agency incorrectly calculates a household's expenses, or a client forgets to provide the state with an update on their income."[2]



Addressing Payment Errors

FNS works closely with state agencies to minimize payments errors and improve program accuracy. Through quality control, FNS helps state agencies identify the root causes of their payment errors and assists them in developing a corrective action plan to improve the accuracy of their eligibility and benefit determinations. Examples of actions a state might take include providing training to caseworkers, improving data systems, or implementing new policies and procedures.

Payment errors can have significant implications for both participants and the program. FNS takes quality control very seriously and is continuously working to enhance program integrity and reduce payment errors through ongoing monitoring, training, and technical assistance to state agencies. FNS also works to make improvements to the quality control system by developing new policies and improved tools designed to prevent payment errors.

The SNAP Payment Error Rate Is Not a Fraud Rate

The SNAP Payment Error Rate is a measure of how accurately states determine eligibility and benefit amounts.

Assessing Liabilities

USDA is required to establish a liability amount when a state's SNAP payment error rate exceeds the national payment error rate and meets additional statutory criteria. These liability amounts can be paid immediately to USDA or settled by investing 50% of the penalty amount in activities that are focused on improving the state's administration of SNAP. The remaining 50% is held "at-risk" for future payment. If, in a third consecutive year, the State is assessed a liability amount again for poor performance, they are required to pay the remaining 50% at-risk amount from the previous year to USDA. It's important to note that by law, state agencies are responsible for monitoring and improving SNAP administration. While the federal government oversees the program, the specifics of ensuring accurate benefits are provided to eligible households fall under state control, providing states with autonomy in addressing and rectifying errors.

Figure 1: This is a screenshot of the USDA webpage for the SNAP Quality Control program from June of 2025.

Moreover, the PER is not reflective of federal waste, since it is a combination of both under- and over-issuances. For example, if quality control (QC) reviews find that, over the course of a full year, $2,000 was

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[2] *SNAP quality control*. Food and Nutrition Service U.S. Department of Agriculture. (n.d.). https://fns-prod.azureedge.us/snap/qc

over-issued and $2,000 was under-issued, this scenario would represent $0 in additional Federal SNAP costs. Both scenarios are issues to rectify; in no case should this scenario lead to a loss of federal contribution to food benefits.

2. **USDA's approach to calculating states' PERs is not sufficiently accurate nor reliable to underlie an enormous cost share liability.**

There are multiple instances where SNAP regulations do not align with QC rules,[3] thereby creating payment errors despite State agencies following federal regulations correctly. Moreover, USDA's published PERs do not always match USDA's own calculation methodology. New Jersey's experience over the past few years demonstrates these shortcomings, exposing some major flaws in how USDA has determined our PER.

In FFY 2023 and 2024, USDA made substantive changes to the Food and Nutrition Service (FNS) 310 Handbook (the federal manual that dictates how SNAP QC reviews are conducted), which resulted in an inflated PER for New Jersey for those years. New Jersey submitted written objections to USDA on June 1, 2023 regarding those changes and their effect on our PER, outlining how they did not align with federal regulations and Congressional intent. The State of New Jersey formally requested that the USDA withhold publication of the PER, dismiss claims established against households based on erroneous QC findings, refund payments to households, and hold states harmless for any errors incurred due to this. However, no response was received from FNS.

In December 2024, the USDA issued a QC policy memo with a retroactive policy reversal for FFY 2024. If that policy reversal had been applied to New Jersey's QC cases for FFY 2023, our PER would have decreased from 35.70% to 4.91%. Although the policy reversal did apply retroactively to FFY 2024, it was incorrectly applied—inflating our PER to 14.33% when it should have been 5.65%. These massive discrepancies demonstrate the fundamental flaws in the current PER system. If the cost shift provision of H.R. 1 required the use of FFY 2023 or FFY 2024 PER instead of FFY 2025, this discrepancy would have unjustly cost the State of New Jersey $293 million dollars.

Figure 2. New Jersey payment error rates over time demonstrate the substantive impact of the 310 Handbook changes that implemented the inclusion of administrative errors in the PER. Under the revised December 2024 policy memo, NJ's 2023 true PER would be 4.91% and the 2024 true PER would be 5.65%.

[3] 7 CFR 275.12(d)(3) specifically excludes administrative deficiencies such as a missing application or overdue recertification from the payment error rate. FNS implemented changes to sections 751 and 752 the 310 Handbook which mandated the inclusion of these administrative deficiencies in the error rate.

3. **Using the PER for the SNAP cost shift is duplicative and inappropriate.**

Longstanding federal quality control laws already impose a financial liability on States if their PERs exceed a national benchmark for two consecutive years. This liability is assessed directly upon the State, and not on the federal contribution to benefits. The PER was specifically designed to assess this liability amount using QC data; and, prior to H.R. 1, it was never contemplated that the PER would be used in a cost shift context nor impact the federal contribution to benefits. Not only is the PER not designed for cost shift purposes, but the PER is now used to impose two separate and distinct financial penalties for exactly the same circumstance. Having multiple financial penalties from a single metric is duplicative and inappropriate.

4. **H.R. 1 fails to provide any mechanism for challenging USDA's calculation of a state's PER.**

Despite the unprecedented policy change of reducing federal contribution for food benefits by hundreds of millions of dollars, the benefit cost shift provision in H.R. 1 does not include any due process provisions for a state to appeal or dispute the PER published by the USDA. Current law only permits a state to appeal a PER if the state is assessed as a QC liability for the second year in which the state exceeds 105% of the national average.

Benefit cost shifts represent a larger financial risk to states than the QC liability amounts, yet H.R. 1 failed to provide any transparency or due process mechanism for a state to appeal FNS' determination of a PER. An appeal process should be included in the statute prior to the implementation of the cost shift provision of H.R. 1, particularly given the discrepancies over time and the discrepancies between the QC handbook and federal regulations detailed in section #2 above.

5. **Cost shift liability should be postponed due to USDA's delayed and unclear implementation of H.R. 1's significant SNAP policy changes.**

H.R. 1 included complex federal changes to SNAP policies relating to Able Bodied Adults Without Dependents (ABAWDs), non-citizen eligibility, and heating and cooling deductions. USDA has implemented these significant policy changes with delayed and/or inadequate guidance. Although New Jersey will continue to do our best to train over 4,000 county social services agencies' employees on the new policies, the lack of clear guidance has made it difficult or impossible for us to consistently implement the new law optimally in FFY 2025 and 2026. New Jersey has had to sue in order to meaningfully escalate errors in USDA's guidance and prompt USDA to issue updated, corrected guidance. Accordingly, so that New Jersey and other states do not incur enormous financial liabilities based on payment errors directly attributable to USDA's inadequate implementation of new SNAP policies, the cost shift liability should be postponed until at least FFY 2030, using the PER from FFY 2027.

6. **New Jersey cannot financially sustain H.R. 1's shift of the economic burden of SNAP to the states.**

H.R. 1 already incorporates a change in administrative costs that is straining county governments. Before H.R. 1, the federal government covered 50% of administrative costs. Starting in FFY 2027, that amount will be lowered to 25%, meaning that the State agency and County government partners will already need to cover approximately $99 million in additional costs here in New Jersey each and every year. When we compound that with the additional potential SNAP cost shift of $98-293 million each year, this potential cumulative burden of hundreds of millions of dollars each year becomes untenable. The cost shifts threaten both State government and County partners' budgets and, as a result, our ability to deliver social services to our most vulnerable residents.

Conclusion

The H.R. 1 PER-based cost shift provisions do not improve payment accuracy nor address waste, fraud, and/or abuse, and create a substantial burden on our State and County administrations that threatens our ability to address the critical needs of low-income families across our State. While we urge the elimination of cost shift provisions entirely, we recommend at minimum postponing the implementation of the SNAP cost shift to allow sufficient time to address the many concerns and inconsistencies in its implementation.

Delaying the H.R. 1 cost shift provisions until at least FFY 2030, using the FFY 2027 PER, will ensure that States are held accountable for program errors only after clear policy guidance on complicated federal program changes has been provided and fully implemented. FFY 2030 is the same year that H.R. 1 already permits those states with the highest PERs to implement the cost-share provision. This request to delay the onset echoes the proposals set forth by the National Governors Association,[4] the American Public Human Services Association, the National Association of Counties, the National Conference of State Legislatures, the National Association of County Human Services Administrators, the National League of Cities, the International County/City management Association, the U.S. Conference of Mayors, the Council of State Governments, and many other state and local agencies.

Thank you for your consideration, and please feel free to contact me for more information or if you have questions.

Sincerely,

Stephen Cha
Commissioner

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State of New Jersey
OFFICE OF THE GOVERNOR
P.O. Box 001
TRENTON, NJ 08625-0001

MIKIE SHERRILL
Governor

April 29, 2026

The Honorable Bonnie Watson Coleman
U.S. House of Representatives
168 Cannon House Office Building
Washington, DC 20515

Dear Representative Watson Coleman:

The State of New Jersey is committed to ensuring that families have reliable access to nutritious food. Addressing food insecurity, especially for children, is a basic building block for future success. New Jersey's Supplemental Nutrition Assistance Program, SNAP, helps families—of participants, over 40 percent are children, one in three individuals with disabilities, and one in five seniors ages 60 years and older—access affordable, nourishing foods at more than 6,000 retailers across New Jersey.

However, because of the Trump Administration's policies – namely H.R.1 – our progress in driving down food insecurity is at risk. This is significantly due to the misapplication of payment error rates, which is compounding pressures from more than 47,000 New Jerseyans being stripped of their benefits due to new work requirements and roughly $99 million in SNAP administrative cost shifts.

In New Jersey, our priority is feeding our families. Rather than creating unnecessary red tape and barriers to benefits, we prioritize real payment accuracy and streamlining. New Jersey continues to work concertedly to improve program integrity through updating systems and processes, enhancing technical assistance to counties, and more.

The SNAP cost shift provisions tied to the PER should be eliminated altogether in any legislation that addresses food and nutrition assistance. At a minimum, I respectfully urge you to work with your colleagues to include a delay, until at least FFY2030, for the onset of the SNAP cost shift. Delaying the SNAP cost shift is supported on a bipartisan basis among the nation's Governors.[1]

Cost shifting provisions are placing increased burdens on New Jersey without adding significant value to the SNAP program. This includes applying a fundamentally flawed metric—the USDA's payment error rate (PER)—to dictate whether New Jersey taxpayers must absorb hundreds of millions of dollars.

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As detailed in the enclosed letter from Human Services Commissioner Cha:

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2. The USDA's PER is not an appropriate measurement tool for the federal government's stated purposes.
3. New Jersey has a history of receiving inaccurate and unreliable PER calculations from the USDA.
4. Use of the PER as a basis for the SNAP cost shift results in duplication of existing fines on high error rates.
5. No official process exists for states to challenge errors in USDA calculations.
6. The cost shift is scheduled to apply to PERs from before full federal guidance on major SNAP policy changes.
7. The PER cost shift will cost New Jersey another $98-293 million each year to deliver essential food assistance to families. This is on top of the approximately $99 million already imposed by annual SNAP administration cost shifts.

While our collective battle to deliver food security is far from over, SNAP has been invaluable in ensuring access to nourishing options for about 850,000 New Jerseyans. We rely upon sustained federal partnerships and resources to continue facilitating this important progress. Thank you.

Sincerely,

Mikie Sherrill
Governor

MIKIE SHERRILL
Governor

DR. DALE G. CALDWELL
Lt. Governor

State of New Jersey
DEPARTMENT OF HUMAN SERVICES
P.O. Box 700
Trenton, NJ 08625

STEPHEN CHA, MD, MHSR
Commissioner

April 28, 2026

The Honorable Bonnie Watson Coleman
U.S. House of Representatives
168 Cannon House Office Building
Washington, DC 20515

Dear Representative Watson Coleman:

I am writing to you as the Commissioner of the New Jersey Department of Human Services to express my deep concerns about the impact of the dramatic shift of the costs of the Supplemental Nutrition Assistance Program (SNAP) from the federal government to the states, and the inappropriate use of states' payment error rates (PERs) to calculate these new state costs, as detailed in H.R. 1 (formally titled the One Big Beautiful Bill Act).

The State of New Jersey has major concerns about the SNAP cost shift based on PERs and the potential for hundreds of millions of dollars to be shifted onto New Jersey taxpayers. For the reasons outlined below, the SNAP cost shift provisions should be eliminated altogether. At a minimum, I respectfully urge you to work with your colleagues to delay until at least FFY2030 the onset of the SNAP cost shift.

Overview

Beginning in Federal Fiscal Year (FFY) 2028, H.R. 1 will require, for the first time in our nation's history, that states contribute to the cost of SNAP benefits based on the United States Department of Agriculture's (USDA) calculation of the state's PER. This is an inappropriate and flawed metric for this purpose—it is not the most effective tool available to encourage administrative accuracy while reducing waste, fraud, and abuse. The cost shift provision in H.R. 1 both fails to advance that goal and will inflict significant harm on New Jersey residents. As detailed below:

1. The PER is not, and has never been, an appropriate metric for assessing SNAP waste, fraud, and abuse;
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3. Using the PER for the SNAP cost shift is duplicative and inappropriate;
4. H.R. 1 fails to provide any due process provisions for challenging USDA's calculation of a state's PER;
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6. New Jersey cannot financially sustain H.R. 1's shift of the economic burden of SNAP to the states. Roughly 850,000 New Jerseyans rely on SNAP to nourish their families.

Under H.R. 1, if the state's PER is at or above 6% as calculated by USDA, the state must contribute to the SNAP benefit costs at rates ranging from 5% to 15% of the total SNAP allotments, which translates anywhere from $98 to $293 million annually for the State of New Jersey. Since the PER from either FFY 2025 or 2026 will be used to calculate the applicable benefit cost share for FFY 2028, H.R. 1 has already locked New Jersey into costs without a chance to adapt.

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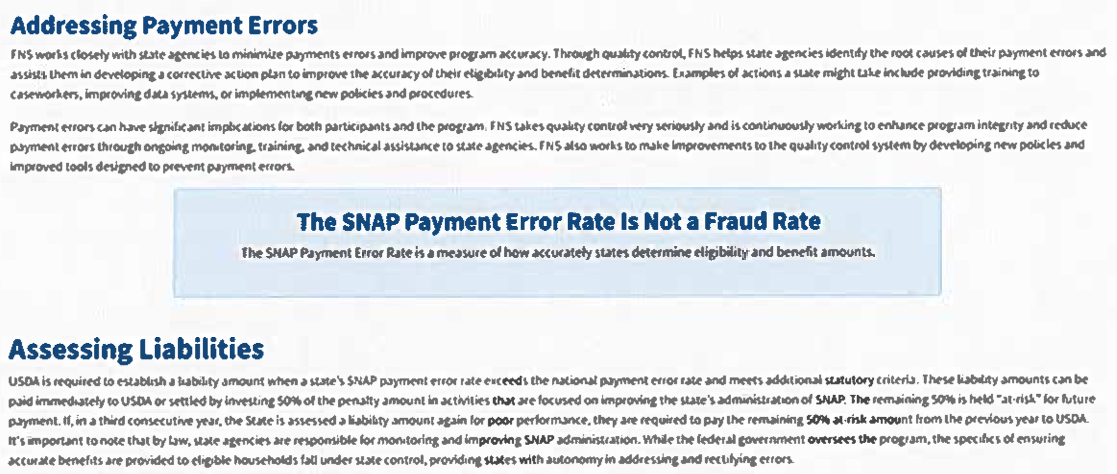

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Assessing Liabilities

USDA is required to establish a liability amount when a state's SNAP payment error rate exceeds the national payment error rate and meets additional statutory criteria. These liability amounts can be paid immediately to USDA or settled by investing 50% of the penalty amount in activities that are focused on improving the state's administration of SNAP. The remaining 50% is held "at-risk" for future payment. If, in a third consecutive year, the State is assessed a liability amount again for poor performance, they are required to pay the remaining 50% at-risk amount from the previous year to USDA. It's important to note that by law, state agencies are responsible for monitoring and improving SNAP administration. While the federal government oversees the program, the specifics of ensuring accurate benefits are provided to eligible households fall under state control, providing states with autonomy in addressing and rectifying errors.

Figure 1: This is a screenshot of the USDA webpage for the SNAP Quality Control program from June of 2025.

Moreover, the PER is not reflective of federal waste, since it is a combination of both under- and over-issuances. For example, if quality control (QC) reviews find that, over the course of a full year, $2,000 was

[2] *SNAP quality control*. Food and Nutrition Service U.S. Department of Agriculture. (n.d.). https://fns-prod.azureedge.us/snap/qc

over-issued and $2,000 was under-issued, this scenario would represent $0 in additional Federal SNAP costs. Both scenarios are issues to rectify; in no case should this scenario lead to a loss of federal contribution to food benefits.

2. **USDA's approach to calculating states' PERs is not sufficiently accurate nor reliable to underlie an enormous cost share liability.**

There are multiple instances where SNAP regulations do not align with QC rules,[3] thereby creating payment errors despite State agencies following federal regulations correctly. Moreover, USDA's published PERs do not always match USDA's own calculation methodology. New Jersey's experience over the past few years demonstrates these shortcomings, exposing some major flaws in how USDA has determined our PER.

In FFY 2023 and 2024, USDA made substantive changes to the Food and Nutrition Service (FNS) 310 Handbook (the federal manual that dictates how SNAP QC reviews are conducted), which resulted in an inflated PER for New Jersey for those years. New Jersey submitted written objections to USDA on June 1, 2023 regarding those changes and their effect on our PER, outlining how they did not align with federal regulations and Congressional intent. The State of New Jersey formally requested that the USDA withhold publication of the PER, dismiss claims established against households based on erroneous QC findings, refund payments to households, and hold states harmless for any errors incurred due to this. However, no response was received from FNS.

In December 2024, the USDA issued a QC policy memo with a retroactive policy reversal for FFY 2024. If that policy reversal had been applied to New Jersey's QC cases for FFY 2023, our PER would have decreased from 35.70% to 4.91%. Although the policy reversal did apply retroactively to FFY 2024, it was incorrectly applied—inflating our PER to 14.33% when it should have been 5.65%. These massive discrepancies demonstrate the fundamental flaws in the current PER system. If the cost shift provision of H.R. 1 required the use of FFY 2023 or FFY 2024 PER instead of FFY 2025, this discrepancy would have unjustly cost the State of New Jersey $293 million dollars.

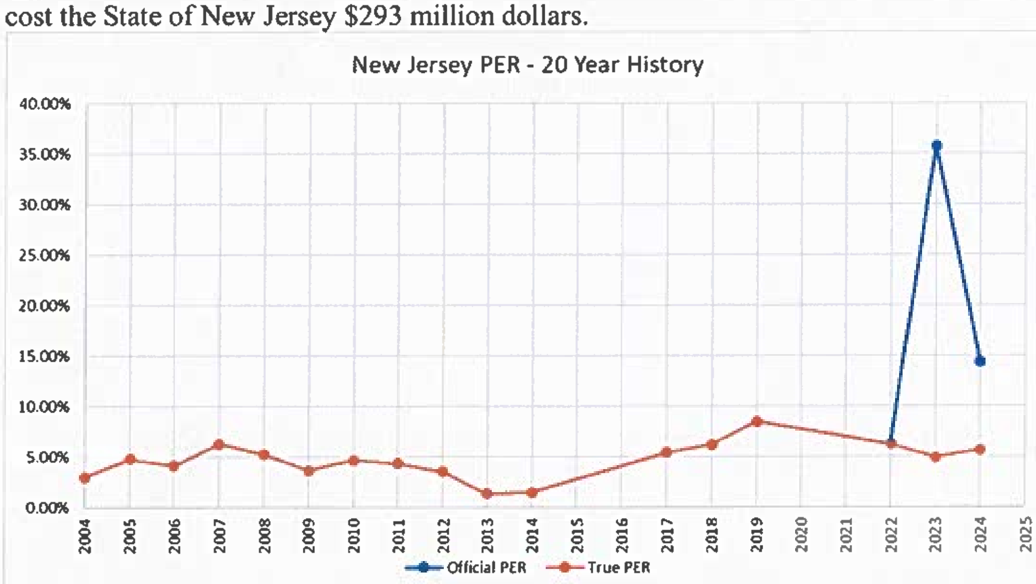

Figure 2. New Jersey payment error rates over time demonstrate the substantive impact of the 310 Handbook changes that implemented the inclusion of administrative errors in the PER. Under the revised December 2024 policy memo, NJ's 2023 true PER would be 4.91% and the 2024 true PER would be 5.65%.

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[3] 7 CFR 275.12(d)(3) specifically excludes administrative deficiencies such as a missing application or overdue recertification from the payment error rate. FNS implemented changes to sections 751 and 752 the 310 Handbook which mandated the inclusion of these administrative deficiencies in the error rate.

3. **Using the PER for the SNAP cost shift is duplicative and inappropriate.**

Longstanding federal quality control laws already impose a financial liability on States if their PERs exceed a national benchmark for two consecutive years. This liability is assessed directly upon the State, and not on the federal contribution to benefits. The PER was specifically designed to assess this liability amount using QC data; and, prior to H.R. 1, it was never contemplated that the PER would be used in a cost shift context nor impact the federal contribution to benefits. Not only is the PER not designed for cost shift purposes, but the PER is now used to impose two separate and distinct financial penalties for exactly the same circumstance. Having multiple financial penalties from a single metric is duplicative and inappropriate.

4. **H.R. 1 fails to provide any mechanism for challenging USDA's calculation of a state's PER.**

Despite the unprecedented policy change of reducing federal contribution for food benefits by hundreds of millions of dollars, the benefit cost shift provision in H.R. 1 does not include any due process provisions for a state to appeal or dispute the PER published by the USDA. Current law only permits a state to appeal a PER if the state is assessed as a QC liability for the second year in which the state exceeds 105% of the national average.

Benefit cost shifts represent a larger financial risk to states than the QC liability amounts, yet H.R. 1 failed to provide any transparency or due process mechanism for a state to appeal FNS' determination of a PER. An appeal process should be included in the statute prior to the implementation of the cost shift provision of H.R. 1, particularly given the discrepancies over time and the discrepancies between the QC handbook and federal regulations detailed in section #2 above.

5. **Cost shift liability should be postponed due to USDA's delayed and unclear implementation of H.R. 1's significant SNAP policy changes.**

H.R. 1 included complex federal changes to SNAP policies relating to Able Bodied Adults Without Dependents (ABAWDs), non-citizen eligibility, and heating and cooling deductions. USDA has implemented these significant policy changes with delayed and/or inadequate guidance. Although New Jersey will continue to do our best to train over 4,000 county social services agencies' employees on the new policies, the lack of clear guidance has made it difficult or impossible for us to consistently implement the new law optimally in FFY 2025 and 2026. New Jersey has had to sue in order to meaningfully escalate errors in USDA's guidance and prompt USDA to issue updated, corrected guidance. Accordingly, so that New Jersey and other states do not incur enormous financial liabilities based on payment errors directly attributable to USDA's inadequate implementation of new SNAP policies, the cost shift liability should be postponed until at least FFY 2030, using the PER from FFY 2027.

6. **New Jersey cannot financially sustain H.R. 1's shift of the economic burden of SNAP to the states.**

H.R. 1 already incorporates a change in administrative costs that is straining county governments. Before H.R. 1, the federal government covered 50% of administrative costs. Starting in FFY 2027, that amount will be lowered to 25%, meaning that the State agency and County government partners will already need to cover approximately $99 million in additional costs here in New Jersey each and every year. When we compound that with the additional potential SNAP cost shift of $98-293 million each year, this potential cumulative burden of hundreds of millions of dollars each year becomes untenable. The cost shifts threaten both State government and County partners' budgets and, as a result, our ability to deliver social services to our most vulnerable residents.

Conclusion

The H.R. 1 PER-based cost shift provisions do not improve payment accuracy nor address waste, fraud, and/or abuse, and create a substantial burden on our State and County administrations that threatens our ability to address the critical needs of low-income families across our State. While we urge the elimination of cost shift provisions entirely, we recommend at minimum postponing the implementation of the SNAP cost shift to allow sufficient time to address the many concerns and inconsistencies in its implementation.

Delaying the H.R. 1 cost shift provisions until at least FFY 2030, using the FFY 2027 PER, will ensure that States are held accountable for program errors only after clear policy guidance on complicated federal program changes has been provided and fully implemented. FFY 2030 is the same year that H.R. 1 already permits those states with the highest PERs to implement the cost-share provision. This request to delay the onset echoes the proposals set forth by the National Governors Association,[4] the American Public Human Services Association, the National Association of Counties, the National Conference of State Legislatures, the National Association of County Human Services Administrators, the National League of Cities, the International County/City management Association, the U.S. Conference of Mayors, the Council of State Governments, and many other state and local agencies.

Thank you for your consideration, and please feel free to contact me for more information or if you have questions.

Sincerely,

Stephen Cha
Commissioner

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[4] *NGA Joins Coalition Letter Outlining Snap Recommendations*. National Governors Association. (2026, January 8). https://www.nga.org/advocacy-communications/letters-nga/nga-joins-coalition-letter-outlining-snap-recommendations/

State of New Jersey
OFFICE OF THE GOVERNOR
P.O. Box 001
TRENTON, NJ 08625-0001

MIKIE SHERRILL
Governor

April 29, 2026

The Honorable Josh Gottheimer
U.S. House of Representatives
106 Cannon House Office Building
Washington, DC 20515

Dear Representative Gottheimer:

The State of New Jersey is committed to ensuring that families have reliable access to nutritious food. Addressing food insecurity, especially for children, is a basic building block for future success. New Jersey's Supplemental Nutrition Assistance Program, SNAP, helps families—of participants, over 40 percent are children, one in three individuals with disabilities, and one in five seniors ages 60 years and older—access affordable, nourishing foods at more than 6,000 retailers across New Jersey.

However, because of the Trump Administration's policies – namely H.R.1 – our progress in driving down food insecurity is at risk. This is significantly due to the misapplication of payment error rates, which is compounding pressures from more than 47,000 New Jerseyans being stripped of their benefits due to new work requirements and roughly $99 million in SNAP administrative cost shifts.

In New Jersey, our priority is feeding our families. Rather than creating unnecessary red tape and barriers to benefits, we prioritize real payment accuracy and streamlining. New Jersey continues to work concertedly to improve program integrity through updating systems and processes, enhancing technical assistance to counties, and more.

The SNAP cost shift provisions tied to the PER should be eliminated altogether in any legislation that addresses food and nutrition assistance. At a minimum, I respectfully urge you to work with your colleagues to include a delay, until at least FFY2030, for the onset of the SNAP cost shift. Delaying the SNAP cost shift is supported on a bipartisan basis among the nation's Governors.[1]

Cost shifting provisions are placing increased burdens on New Jersey without adding significant value to the SNAP program. This includes applying a fundamentally flawed metric—the USDA's payment error rate (PER)—to dictate whether New Jersey taxpayers must absorb hundreds of millions of dollars.

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[1] https://www.nga.org/advocacy-communications/letters-nga/nga-joins-coalition-letter-outlining-snap-recommendations/

As detailed in the enclosed letter from Human Services Commissioner Cha:

1. The USDA's PER is not an appropriate measurement tool for the federal government's stated purposes.
2. New Jersey has a history of receiving inaccurate and unreliable PER calculations from the USDA.
3. Use of the PER as a basis for the SNAP cost shift results in duplication of existing fines on high error rates.
4. No official process exists for states to challenge errors in USDA calculations.
5. The cost shift is scheduled to apply to PERs from before full federal guidance on major SNAP policy changes.
6. The PER cost shift will cost New Jersey another $98-293 million each year to deliver essential food assistance to families. This is on top of the approximately $99 million already imposed by annual SNAP administration cost shifts.

While our collective battle to deliver food security is far from over, SNAP has been invaluable in ensuring access to nourishing options for about 850,000 New Jerseyans. We rely upon sustained federal partnerships and resources to continue facilitating this important progress. Thank you.

Sincerely,

Mikie Sherrill
Governor

MIKIE SHERRILL
Governor

DR. DALE G. CALDWELL
Lt. Governor

State of New Jersey
DEPARTMENT OF HUMAN SERVICES
P.O. Box 700
Trenton, NJ 08625

STEPHEN CHA, MD, MHSR
Commissioner

April 28, 2026

The Honorable Josh Gottheimer
U.S. House of Representatives
106 Cannon House Office Building
Washington, DC 20515

Dear Representative Gottheimer:

I am writing to you as the Commissioner of the New Jersey Department of Human Services to express my deep concerns about the impact of the dramatic shift of the costs of the Supplemental Nutrition Assistance Program (SNAP) from the federal government to the states, and the inappropriate use of states' payment error rates (PERs) to calculate these new state costs, as detailed in H.R. 1 (formally titled the One Big Beautiful Bill Act).

The State of New Jersey has major concerns about the SNAP cost shift based on PERs and the potential for hundreds of millions of dollars to be shifted onto New Jersey taxpayers. For the reasons outlined below, the SNAP cost shift provisions should be eliminated altogether. At a minimum, I respectfully urge you to work with your colleagues to delay until at least FFY2030 the onset of the SNAP cost shift.

Overview

Beginning in Federal Fiscal Year (FFY) 2028, H.R. 1 will require, for the first time in our nation's history, that states contribute to the cost of SNAP benefits based on the United States Department of Agriculture's (USDA) calculation of the state's PER. This is an inappropriate and flawed metric for this purpose—it is not the most effective tool available to encourage administrative accuracy while reducing waste, fraud, and abuse. The cost shift provision in H.R. 1 both fails to advance that goal and will inflict significant harm on New Jersey residents. As detailed below:

1. The PER is not, and has never been, an appropriate metric for assessing SNAP waste, fraud, and abuse;
2. USDA's approach to calculating states' PERs is not sufficiently accurate nor reliable to underlie an enormous cost share liability;
3. Using the PER for the SNAP cost shift is duplicative and inappropriate;
4. H.R. 1 fails to provide any due process provisions for challenging USDA's calculation of a state's PER;
5. Cost shift liability should be postponed due to USDA's delayed and unclear implementation of H.R. 1's significant SNAP policy changes; and

6. New Jersey cannot financially sustain H.R. 1's shift of the economic burden of SNAP to the states. Roughly 850,000 New Jerseyans rely on SNAP to nourish their families.

Under H.R. 1, if the state's PER is at or above 6% as calculated by USDA, the state must contribute to the SNAP benefit costs at rates ranging from 5% to 15% of the total SNAP allotments, which translates anywhere from \$98 to \$293 million annually for the State of New Jersey. Since the PER from either FFY 2025 or 2026 will be used to calculate the applicable benefit cost share for FFY 2028, H.R. 1 has already locked New Jersey into costs without a chance to adapt.

Payment accuracy is and always has been a priority for New Jersey. We have implemented significant measures to improve payment accuracy, including system updates, streamlining processes, providing state staff support to administering counties, creating a state-level corrective action team, and developing detailed analytic tools for SNAP caseloads and payment errors.

1. **The PER is not an appropriate metric for assessing SNAP waste, fraud, and abuse.**

The PER is not, and has never been, a measure for rooting out fraud and/or waste. Using the PER as the metric to reduce the federal contribution for a food benefit for individuals is ungrounded, unprecedented, and harmful to state and county governments, and to the individuals who we serve.

The USDA has repeatedly expressed that the purpose of the quality control process and resulting PER is to ensure that eligible SNAP recipients get the correct amount of benefits, and to identify areas for states to improve their programs. In printed material, on its websites, and in official guidance, the USDA has repeatedly stated that "the PER is not a fraud rate" and has reiterated that "[p]ayment errors are largely unintentional and may be on the part of the state agency or the SNAP household. For example, the state agency incorrectly calculates a household's expenses, or a client forgets to provide the state with an update on their income."[2]

Addressing Payment Errors

FNS works closely with state agencies to minimize payments errors and improve program accuracy. Through quality control, FNS helps state agencies identify the root causes of their payment errors and assists them in developing a corrective action plan to improve the accuracy of their eligibility and benefit determinations. Examples of actions a state might take include providing training to caseworkers, improving data systems, or implementing new policies and procedures.

Payment errors can have significant implications for both participants and the program. FNS takes quality control very seriously and is continuously working to enhance program integrity and reduce payment errors through ongoing monitoring, training, and technical assistance to state agencies. FNS also works to make improvements to the quality control system by developing new policies and improved tools designed to prevent payment errors.

The SNAP Payment Error Rate Is Not a Fraud Rate

The SNAP Payment Error Rate is a measure of how accurately states determine eligibility and benefit amounts.

Assessing Liabilities

USDA is required to establish a liability amount when a state's SNAP payment error rate exceeds the national payment error rate and meets additional statutory criteria. These liability amounts can be paid immediately to USDA or settled by investing 50% of the penalty amount in activities that are focused on improving the state's administration of SNAP. The remaining 50% is **held "at-risk"** for future payment. If, in a third consecutive year, the State is assessed a liability amount again for poor performance, they are required to pay the remaining 50% at-risk amount from the **previous year** to USDA. It's important to note that by law, state agencies are responsible for monitoring and improving SNAP administration. While the federal government oversees the program, the specifics of ensuring accurate benefits are provided to eligible households fall under state control, providing states with autonomy in addressing and rectifying errors.

Figure 1: This is a screenshot of the USDA webpage for the SNAP Quality Control program from June of 2025.

Moreover, the PER is not reflective of federal waste, since it is a combination of both under- and over-issuances. For example, if quality control (QC) reviews find that, over the course of a full year, \$2,000 was

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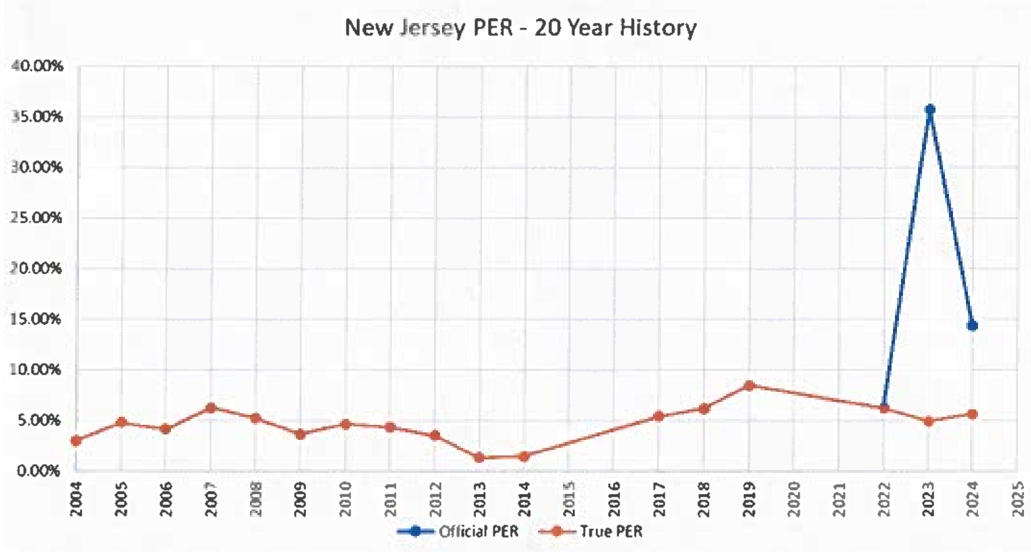

Figure 2. New Jersey payment error rates over time demonstrate the substantive impact of the 310 Handbook changes that implemented the inclusion of administrative errors in the PER. Under the revised December 2024 policy memo, NJ's 2023 true PER would be 4.91% and the 2024 true PER would be 5.65%.

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3. Using the PER for the SNAP cost shift is duplicative and inappropriate.

Longstanding federal quality control laws already impose a financial liability on States if their PERs exceed a national benchmark for two consecutive years. This liability is assessed directly upon the State, and not on the federal contribution to benefits. The PER was specifically designed to assess this liability amount using QC data; and, prior to H.R. 1, it was never contemplated that the PER would be used in a cost shift context nor impact the federal contribution to benefits. Not only is the PER not designed for cost shift purposes, but the PER is now used to impose two separate and distinct financial penalties for exactly the same circumstance. Having multiple financial penalties from a single metric is duplicative and inappropriate.

4. H.R. 1 fails to provide any mechanism for challenging USDA's calculation of a state's PER.

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5. Cost shift liability should be postponed due to USDA's delayed and unclear implementation of H.R. 1's significant SNAP policy changes.

H.R. 1 included complex federal changes to SNAP policies relating to Able Bodied Adults Without Dependents (ABAWDs), non-citizen eligibility, and heating and cooling deductions. USDA has implemented these significant policy changes with delayed and/or inadequate guidance. Although New Jersey will continue to do our best to train over 4,000 county social services agencies' employees on the new policies, the lack of clear guidance has made it difficult or impossible for us to consistently implement the new law optimally in FFY 2025 and 2026. New Jersey has had to sue in order to meaningfully escalate errors in USDA's guidance and prompt USDA to issue updated, corrected guidance. Accordingly, so that New Jersey and other states do not incur enormous financial liabilities based on payment errors directly attributable to USDA's inadequate implementation of new SNAP policies, the cost shift liability should be postponed until at least FFY 2030, using the PER from FFY 2027.

6. New Jersey cannot financially sustain H.R. 1's shift of the economic burden of SNAP to the states.

H.R. 1 already incorporates a change in administrative costs that is straining county governments. Before H.R. 1, the federal government covered 50% of administrative costs. Starting in FFY 2027, that amount will be lowered to 25%, meaning that the State agency and County government partners will already need to cover approximately $99 million in additional costs here in New Jersey each and every year. When we compound that with the additional potential SNAP cost shift of $98-293 million each year, this potential cumulative burden of hundreds of millions of dollars each year becomes untenable. The cost shifts threaten both State government and County partners' budgets and, as a result, our ability to deliver social services to our most vulnerable residents.

Conclusion

The H.R. 1 PER-based cost shift provisions do not improve payment accuracy nor address waste, fraud, and/or abuse, and create a substantial burden on our State and County administrations that threatens our ability to address the critical needs of low-income families across our State. While we urge the elimination of cost shift provisions entirely, we recommend at minimum postponing the implementation of the SNAP cost shift to allow sufficient time to address the many concerns and inconsistencies in its implementation.

Delaying the H.R. 1 cost shift provisions until at least FFY 2030, using the FFY 2027 PER, will ensure that States are held accountable for program errors only after clear policy guidance on complicated federal program changes has been provided and fully implemented. FFY 2030 is the same year that H.R. 1 already permits those states with the highest PERs to implement the cost-share provision. This request to delay the onset echoes the proposals set forth by the National Governors Association,[4] the American Public Human Services Association, the National Association of Counties, the National Conference of State Legislatures, the National Association of County Human Services Administrators, the National League of Cities, the International County/City management Association, the U.S. Conference of Mayors, the Council of State Governments, and many other state and local agencies.

Thank you for your consideration, and please feel free to contact me for more information or if you have questions.

Sincerely,

Stephen Cha
Commissioner

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[4] *NGA Joins Coalition Letter Outlining Snap Recommendations*. National Governors Association. (2026, January 8). https://www.nga.org/advocacy-communications/letters-nga/nga-joins-coalition-letter-outlining-snap-recommendations/

State of New Jersey
OFFICE OF THE GOVERNOR
P.O. Box 001
TRENTON, NJ 08625-0001

MIKIE SHERRILL
Governor

April 29, 2026

The Honorable LaMonica McIver
U.S. House of Representatives
426 Cannon House Office Building
Washington, DC 20515

Dear Representative McIver:

The State of New Jersey is committed to ensuring that families have reliable access to nutritious food. Addressing food insecurity, especially for children, is a basic building block for future success. New Jersey's Supplemental Nutrition Assistance Program, SNAP, helps families—of participants, over 40 percent are children, one in three individuals with disabilities, and one in five seniors ages 60 years and older—access affordable, nourishing foods at more than 6,000 retailers across New Jersey.

However, because of the Trump Administration's policies – namely H.R.1 – our progress in driving down food insecurity is at risk. This is significantly due to the misapplication of payment error rates, which is compounding pressures from more than 47,000 New Jerseyans being stripped of their benefits due to new work requirements and roughly $99 million in SNAP administrative cost shifts.

In New Jersey, our priority is feeding our families. Rather than creating unnecessary red tape and barriers to benefits, we prioritize real payment accuracy and streamlining. New Jersey continues to work concertedly to improve program integrity through updating systems and processes, enhancing technical assistance to counties, and more.

The SNAP cost shift provisions tied to the PER should be eliminated altogether in any legislation that addresses food and nutrition assistance. At a minimum, I respectfully urge you to work with your colleagues to include a delay, until at least FFY2030, for the onset of the SNAP cost shift. Delaying the SNAP cost shift is supported on a bipartisan basis among the nation's Governors.[1]

Cost shifting provisions are placing increased burdens on New Jersey without adding significant value to the SNAP program. This includes applying a fundamentally flawed metric—the USDA's payment error rate (PER)—to dictate whether New Jersey taxpayers must absorb hundreds of millions of dollars.

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As detailed in the enclosed letter from Human Services Commissioner Cha:

1. The USDA's PER is not an appropriate measurement tool for the federal government's stated purposes.
2. New Jersey has a history of receiving inaccurate and unreliable PER calculations from the USDA.
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While our collective battle to deliver food security is far from over, SNAP has been invaluable in ensuring access to nourishing options for about 850,000 New Jerseyans. We rely upon sustained federal partnerships and resources to continue facilitating this important progress. Thank you.

Sincerely,

Mikie Sherrill
Governor

State of New Jersey
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MIKIE SHERRILL
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DR. DALE G. CALDWELL
Lt. Governor

STEPHEN CHA, MD, MHSR
Commissioner

April 28, 2026

The Honorable LaMonica McIver
U.S. House of Representatives
426 Cannon House Office Building
Washington, DC 20515

Dear Representative McIver:

I am writing to you as the Commissioner of the New Jersey Department of Human Services to express my deep concerns about the impact of the dramatic shift of the costs of the Supplemental Nutrition Assistance Program (SNAP) from the federal government to the states, and the inappropriate use of states' payment error rates (PERs) to calculate these new state costs, as detailed in H.R. 1 (formally titled the One Big Beautiful Bill Act).

The State of New Jersey has major concerns about the SNAP cost shift based on PERs and the potential for hundreds of millions of dollars to be shifted onto New Jersey taxpayers. For the reasons outlined below, the SNAP cost shift provisions should be eliminated altogether. At a minimum, I respectfully urge you to work with your colleagues to delay until at least FFY2030 the onset of the SNAP cost shift.

Overview

Beginning in Federal Fiscal Year (FFY) 2028, H.R. 1 will require, for the first time in our nation's history, that states contribute to the cost of SNAP benefits based on the United States Department of Agriculture's (USDA) calculation of the state's PER. This is an inappropriate and flawed metric for this purpose—it is not the most effective tool available to encourage administrative accuracy while reducing waste, fraud, and abuse. The cost shift provision in H.R. 1 both fails to advance that goal and will inflict significant harm on New Jersey residents. As detailed below:

1. The PER is not, and has never been, an appropriate metric for assessing SNAP waste, fraud, and abuse;
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6. New Jersey cannot financially sustain H.R. 1's shift of the economic burden of SNAP to the states. Roughly 850,000 New Jerseyans rely on SNAP to nourish their families.

Under H.R. 1, if the state's PER is at or above 6% as calculated by USDA, the state must contribute to the SNAP benefit costs at rates ranging from 5% to 15% of the total SNAP allotments, which translates anywhere from $98 to $293 million annually for the State of New Jersey. Since the PER from either FFY 2025 or 2026 will be used to calculate the applicable benefit cost share for FFY 2028, H.R. 1 has already locked New Jersey into costs without a chance to adapt.

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Addressing Payment Errors

FNS works closely with state agencies to minimize payments errors and improve program accuracy. Through quality control, FNS helps state agencies identify the root causes of their payment errors and assists them in developing a corrective action plan to improve the accuracy of their eligibility and benefit determinations. Examples of actions a state might take include providing training to caseworkers, improving data systems, or implementing new policies and procedures.

Payment errors can have significant implications for both participants and the program. FNS takes quality control very seriously and is continuously working to enhance program integrity and reduce payment errors through ongoing monitoring, training, and technical assistance to state agencies. FNS also works to make improvements to the quality control system by developing new policies and improved tools designed to prevent payment errors.

The SNAP Payment Error Rate Is Not a Fraud Rate

The SNAP Payment Error Rate is a measure of how accurately states determine eligibility and benefit amounts.

Assessing Liabilities

USDA is required to establish a liability amount when a state's SNAP payment error rate exceeds the national payment error rate and meets additional statutory criteria. These liability amounts can be paid immediately to USDA or settled by investing 50% of the penalty amount in activities that are focused on improving the state's administration of SNAP. The remaining 50% is held "at-risk" for future payment. If, in a third consecutive year, the State is assessed a liability amount again for poor performance, they are required to pay the remaining 50% at-risk amount from the previous year to USDA. It's important to note that by law, state agencies are responsible for monitoring and improving SNAP administration. While the federal government oversees the program, the specifics of ensuring accurate benefits are provided to eligible households fall under state control, providing states with autonomy in addressing and rectifying errors.

Figure 1: This is a screenshot of the USDA webpage for the SNAP Quality Control program from June of 2025.

Moreover, the PER is not reflective of federal waste, since it is a combination of both under- and over-issuances. For example, if quality control (QC) reviews find that, over the course of a full year, $2,000 was

[2] *SNAP quality control.* Food and Nutrition Service U.S. Department of Agriculture. (n.d.). https://fns-prod.azureedge.us/snap/qc

over-issued and $2,000 was under-issued, this scenario would represent $0 in additional Federal SNAP costs. Both scenarios are issues to rectify; in no case should this scenario lead to a loss of federal contribution to food benefits.

2. **USDA's approach to calculating states' PERs is not sufficiently accurate nor reliable to underlie an enormous cost share liability.**

There are multiple instances where SNAP regulations do not align with QC rules,[3] thereby creating payment errors despite State agencies following federal regulations correctly. Moreover, USDA's published PERs do not always match USDA's own calculation methodology. New Jersey's experience over the past few years demonstrates these shortcomings, exposing some major flaws in how USDA has determined our PER.

In FFY 2023 and 2024, USDA made substantive changes to the Food and Nutrition Service (FNS) 310 Handbook (the federal manual that dictates how SNAP QC reviews are conducted), which resulted in an inflated PER for New Jersey for those years. New Jersey submitted written objections to USDA on June 1, 2023 regarding those changes and their effect on our PER, outlining how they did not align with federal regulations and Congressional intent. The State of New Jersey formally requested that the USDA withhold publication of the PER, dismiss claims established against households based on erroneous QC findings, refund payments to households, and hold states harmless for any errors incurred due to this. However, no response was received from FNS.

In December 2024, the USDA issued a QC policy memo with a retroactive policy reversal for FFY 2024. If that policy reversal had been applied to New Jersey's QC cases for FFY 2023, our PER would have decreased from 35.70% to 4.91%. Although the policy reversal did apply retroactively to FFY 2024, it was incorrectly applied—inflating our PER to 14.33% when it should have been 5.65%. These massive discrepancies demonstrate the fundamental flaws in the current PER system. If the cost shift provision of H.R. 1 required the use of FFY 2023 or FFY 2024 PER instead of FFY 2025, this discrepancy would have unjustly cost the State of New Jersey $293 million dollars.

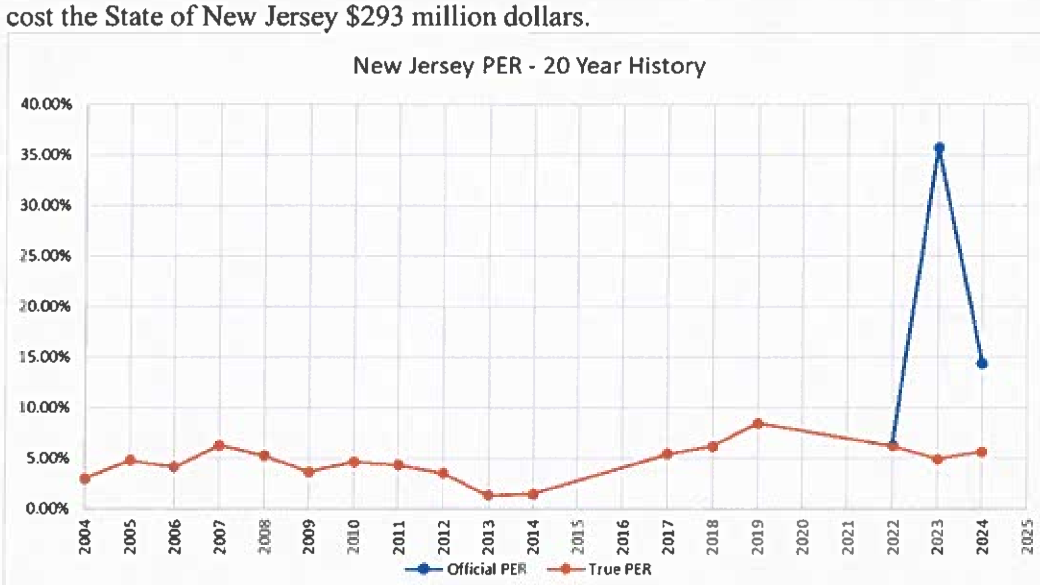

Figure 2. New Jersey payment error rates over time demonstrate the substantive impact of the 310 Handbook changes that implemented the inclusion of administrative errors in the PER. Under the revised December 2024 policy memo, NJ's 2023 true PER would be 4.91% and the 2024 true PER would be 5.65%.

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[3] 7 CFR 275.12(d)(3) specifically excludes administrative deficiencies such as a missing application or overdue recertification from the payment error rate. FNS implemented changes to sections 751 and 752 the 310 Handbook which mandated the inclusion of these administrative deficiencies in the error rate.

3. **Using the PER for the SNAP cost shift is duplicative and inappropriate.**

Longstanding federal quality control laws already impose a financial liability on States if their PERs exceed a national benchmark for two consecutive years. This liability is assessed directly upon the State, and not on the federal contribution to benefits. The PER was specifically designed to assess this liability amount using QC data; and, prior to H.R. 1, it was never contemplated that the PER would be used in a cost shift context nor impact the federal contribution to benefits. Not only is the PER not designed for cost shift purposes, but the PER is now used to impose two separate and distinct financial penalties for exactly the same circumstance. Having multiple financial penalties from a single metric is duplicative and inappropriate.

4. **H.R. 1 fails to provide any mechanism for challenging USDA's calculation of a state's PER.**

Despite the unprecedented policy change of reducing federal contribution for food benefits by hundreds of millions of dollars, the benefit cost shift provision in H.R. 1 does not include any due process provisions for a state to appeal or dispute the PER published by the USDA. Current law only permits a state to appeal a PER if the state is assessed as a QC liability for the second year in which the state exceeds 105% of the national average.

Benefit cost shifts represent a larger financial risk to states than the QC liability amounts, yet H.R. 1 failed to provide any transparency or due process mechanism for a state to appeal FNS' determination of a PER. An appeal process should be included in the statute prior to the implementation of the cost shift provision of H.R. 1, particularly given the discrepancies over time and the discrepancies between the QC handbook and federal regulations detailed in section #2 above.

5. **Cost shift liability should be postponed due to USDA's delayed and unclear implementation of H.R. 1's significant SNAP policy changes.**

H.R. 1 included complex federal changes to SNAP policies relating to Able Bodied Adults Without Dependents (ABAWDs), non-citizen eligibility, and heating and cooling deductions. USDA has implemented these significant policy changes with delayed and/or inadequate guidance. Although New Jersey will continue to do our best to train over 4,000 county social services agencies' employees on the new policies, the lack of clear guidance has made it difficult or impossible for us to consistently implement the new law optimally in FFY 2025 and 2026. New Jersey has had to sue in order to meaningfully escalate errors in USDA's guidance and prompt USDA to issue updated, corrected guidance. Accordingly, so that New Jersey and other states do not incur enormous financial liabilities based on payment errors directly attributable to USDA's inadequate implementation of new SNAP policies, the cost shift liability should be postponed until at least FFY 2030, using the PER from FFY 2027.

6. **New Jersey cannot financially sustain H.R. 1's shift of the economic burden of SNAP to the states.**

H.R. 1 already incorporates a change in administrative costs that is straining county governments. Before H.R. 1, the federal government covered 50% of administrative costs. Starting in FFY 2027, that amount will be lowered to 25%, meaning that the State agency and County government partners will already need to cover approximately $99 million in additional costs here in New Jersey each and every year. When we compound that with the additional potential SNAP cost shift of $98-293 million each year, this potential cumulative burden of hundreds of millions of dollars each year becomes untenable. The cost shifts threaten both State government and County partners' budgets and, as a result, our ability to deliver social services to our most vulnerable residents.

Conclusion

The H.R. 1 PER-based cost shift provisions do not improve payment accuracy nor address waste, fraud, and/or abuse, and create a substantial burden on our State and County administrations that threatens our ability to address the critical needs of low-income families across our State. While we urge the elimination of cost shift provisions entirely, we recommend at minimum postponing the implementation of the SNAP cost shift to allow sufficient time to address the many concerns and inconsistencies in its implementation.

Delaying the H.R. 1 cost shift provisions until at least FFY 2030, using the FFY 2027 PER, will ensure that States are held accountable for program errors only after clear policy guidance on complicated federal program changes has been provided and fully implemented. FFY 2030 is the same year that H.R. 1 already permits those states with the highest PERs to implement the cost-share provision. This request to delay the onset echoes the proposals set forth by the National Governors Association,[4] the American Public Human Services Association, the National Association of Counties, the National Conference of State Legislatures, the National Association of County Human Services Administrators, the National League of Cities, the International County/City management Association, the U.S. Conference of Mayors, the Council of State Governments, and many other state and local agencies.

Thank you for your consideration, and please feel free to contact me for more information or if you have questions.

Sincerely,

Stephen Cha
Commissioner

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[4] *NGA Joins Coalition Letter Outlining Snap Recommendations*. National Governors Association. (2026, January 8). https://www.nga.org/advocacy-communications/letters-nga/nga-joins-coalition-letter-outlining-snap-recommendations/