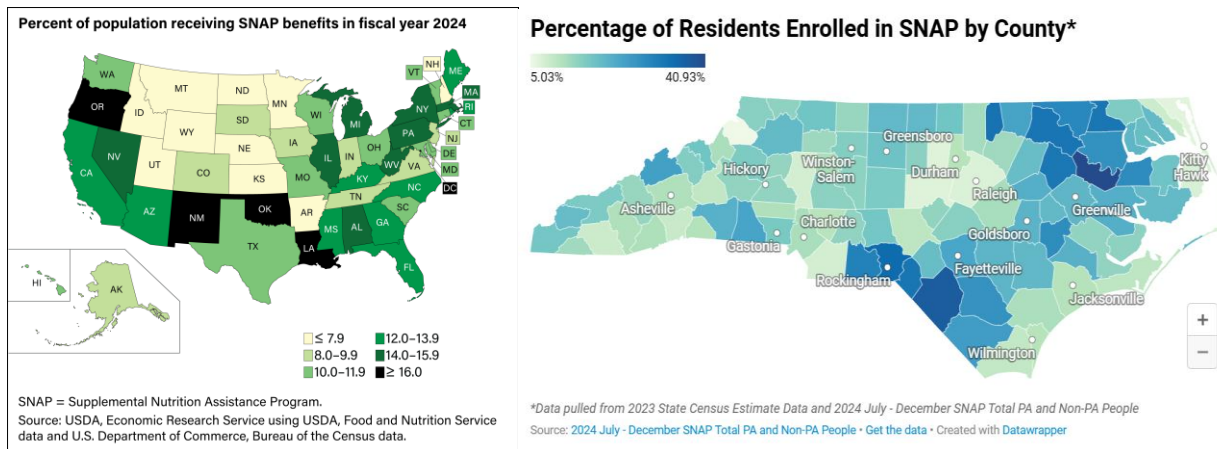


NCACDSS – HR1 Implementation Strategy for SNAP

Program Overview

The Supplemental Nutrition Assistance Program (SNAP)—known as Food and Nutrition Services (FNS) in North Carolina—is the largest federal nutrition program, providing monthly grocery benefits to approximately 586,000 households over 1.4 million North Carolina residents in FFY 24¹.



North Carolina is one of ten states where counties administer the program. N.C. counties are required to meet the **entire non-federal match** for SNAP administrative funds. Beginning October 1, 2026, the federal cost share will reduce from 50% to 25%.

SNAP serves a dual purpose: it helps struggling families meet basic needs and acts as an effective economic stimulus, particularly during downturns and natural disasters. SNAP spending supports thousands of local jobs and food retailers. According to the Center on American Progress, potential long-term cuts could jeopardize up to 1,400 grocery retailers—many in rural areas—risking the creation of food deserts.

Eligibility and New Federal Requirements

Eligibility requires household income at or below 130% of the federal poverty level and limited assets. Most participants must also meet specific work requirements (minimum 30 hours per week).

The *Fiscal Responsibility Act of 2023 (FRA)*² significantly altered these requirements:

Center on Budget and Policy Priorities. *North Carolina SNAP Factsheet*. January 21, 2025. CBPP, 2025. PDF download, https://www.cbpp.org/sites/default/files/atoms/files/snap_factsheet_north_carolina.pdf

² Federal Register / Vol. 89, No. 242 / Tuesday, December 17, 2024 / Rules and Regulations, located online at: <https://www.govinfo.gov/content/pkg/FR-2024-12-17/pdf/2024-29072.pdf>

- Amends SNAP’s purpose statement to explicitly include helping low-income adults obtain work and increase earnings.
- Revised temporary exceptions to the Able-Bodied Adults Without Dependents (ABAWD) time limit including expanding the work requirement to individuals aged 18-64 (phased increase by FY 2025).
- Permanently reduced allowable state exemptions for Able-Bodied Adults Without Dependents (ABAWDs) from 12% to 8%,

Critical Financial Impact: The Funding Structure Shift

Administrative Cost Share: Per NC DHHS projections, county administrative costs are likely to increase by 67 million, while state administrative costs are projected to increase by 16 million.

Benefit Cost Share: The most concerning provision of the FRA is a fundamental change to SNAP’s funding model. Beginning in Fiscal Year (FY) 2028, states will be required to cover a share of *food benefits* costs—not just administrative expenses—tied directly to their payment error rates.

Error Rate	Cost Share Requirement	Estimated State Dollars
Below 6%	0%	\$0
6%–8%	5%	\$140 Million
8%–10%	10%	\$280 Million
Over 10%	15%	\$420 Million

Based on current FY 2024 data, North Carolina’s projected match would be the maximum 15%, or \$420 million.

Error rates measure the accuracy of eligibility and benefit determinations (overpayments and underpayments) and are distinct from intentional fraud, which is rare. Current high error rates are largely attributed to the return to pre-pandemic policies, staffing shortages, outdated technology, and surging caseloads.

Implementation Strategy: NCACDSS Response

These changes fundamentally alter the program’s administration. Our current higher-than-desirable error rate adds complexity to implementation. The NC Association of County

Directors have Social Services (NCACDSS) has established the **HR1 Implementation Committee** whose primary goal is to support counties in achieving successful HR1 implementation. This committee is identifying ways to **reduce administrative program complexities; streamline implementation of the work requirements and compliance reporting; and address root causes of errors**, category by category.

The Committee's charge includes assessing staffing readiness, analyzing process improvements, engaging stakeholders, and collaborating closely with state partners at NC DHHS.

The County HR1 Committee has identified three immediate priority work streams:

Work Stream	Key Initiatives
Communication & Messaging	Develop clear, consistent messaging (FAQs, talking points) with NC DHHS; engage community partners; create internal staff communications to stabilize the workforce.
Work Processes & Technology	Streamline eligibility processes to federal minimums; align work requirements across programs; invest in AI/modernization; eliminate NCFAST system issues.
Policy & Training	Establish clear caseload standards and ensure adequate staffing; simplify policy to align only with federal rules; implement standardized, high-quality staff training at both state and county levels.

In summary, HR1's implementation significantly increases counties' workload and financial obligations related to the Food and Nutrition Services (FNS) program. The law expands work requirements, tightens eligibility rules, and shifts a greater share of administrative costs to local governments while reducing federal contributions. These changes will require additional staff, training, technology and system updates, and substantial administrative resources at the county level—costs that are not currently funded. Without **dedicated financial support from the General Assembly**, counties will struggle to maintain timely, accurate, and accountable delivery of nutrition assistance to North Carolinians. To uphold program integrity for our most vulnerable residents, **appropriate and sustained funding must be allocated** to cover the increased workload and cost burdens imposed by HR1.