



# Oregon

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To: Co-Chairs Lieber and Sanchez and Members of the Joint Ways & Means Committee

From: Oregon Department of Human Services

Subject: Follow-up responses from January 15, 2026 hearing

Date: January 27, 2026

Dear Co-Chairs Lieber and Sanchez and Members of the Committee:

At your hearing on January 15, 2026, during an overview of the state's SNAP payment error rate, Representative Reschke asked about the state's ability to reduce the error threshold in enough time to prevent further penalties. Representative Owens also asked for a history of the SNAP payment error rate in Oregon. Please see the requested information below.

First, to assess the state's ability to reduce its SNAP payment error rate in time to avoid additional financial exposure, it is important to distinguish between two related but distinct federal SNAP accountability mechanisms. The first is the pre-H.R.1 penalty framework, which involves corrective action plans and partial penalty reinvestment options. The second is the post-H.R.1 benefit cost-share requirement, which introduces an ongoing state obligation tied directly to payment accuracy.

## **Pre-H.R.1 SNAP Accountability Framework**

### **Corrective action plans and 50/50 reinvestment option**

Prior to enactment of H.R.1, states with elevated SNAP payment error rates were subject to a penalty framework administered by USDA's Food and Nutrition Service (FNS). States above the national SNAP payment error rate average were required to prepare and submit to FNS a corrective action plan (CAP). When a state exceeded the national average payment error rate for two consecutive years, FNS assessed a financial penalty. In Oregon, these penalties have ranged from \$10-\$16 million annually.

States with penalties were given two options:

1. Pay the full penalty to FNS, or
2. Reinvest 50% of the penalty back into SNAP through an FNS-approved CAP

CAPs identify root causes of payment errors and propose targeted strategies to address those causes. CAPs and associated reinvestment proposals must meet strict federal criteria and receive formal FNS approval before implementation.

### What counts as a “root cause” under federal rules

FNS narrowly defines what can qualify as a root cause of a state’s payment error rate. While states may identify staffing shortages and workload increases as contributing factors to payment errors, additional staff capacity is not considered an allowable root cause or an eligible reinvestment under federal guidance. Accordingly:

- Reinvestment funds must be directed toward specific, FNS-recognized drivers of error, not general program capacity.
- Even when investments are approved by FNS, they may not address all factors that states experience as contributing to errors.

Approval delays further limit the state’s ability to deploy corrective strategies in a timely way. Oregon currently has two active CAPs (FFY 2023 and FFY 2024). Despite timely submissions and revisions, implementation of approved reinvestments has been delayed pending final FNS approval.

### How H.R.1 Changes States’ Financial Exposure

**H.R.1 fundamentally changes SNAP accountability by layering a new benefit cost-share requirement on top of the existing penalty framework.** While SNAP benefits were previously 100% federally funded, under H.R.1 states with payment error rates above 6% must pay a share of benefit costs, with higher error rates triggering higher state cost-share tiers:

Figure 1. H.R.1 Benefit Cost-share Tiers

PER	State Benefit Cost-share
Under 6.00%	0%
6.00 – 7.99%	5%
8.00 – 9.99%	10%
10.00% or higher	15%

**Oregon’s most recent payment error rate (FFY 2024) was 14.06%.** Although the state has reduced its error rate by roughly 50% over the past two years, remaining above key thresholds exposes Oregon to recurring annual state costs totaling tens of millions of dollars, in addition to traditional penalties.

Even with significant state investment and federally approved corrective actions:

- There is no guarantee that approved strategies will reduce the payment error rate below the 6 percent threshold required to fully avoid cost sharing.
- The drivers that states are allowed to address are limited by federal definitions, not by operational realities on the ground.
- The timeline for hiring, system changes, policy updates, and federal approval means improvements take months to implement and evaluate, limiting rapid course correction.

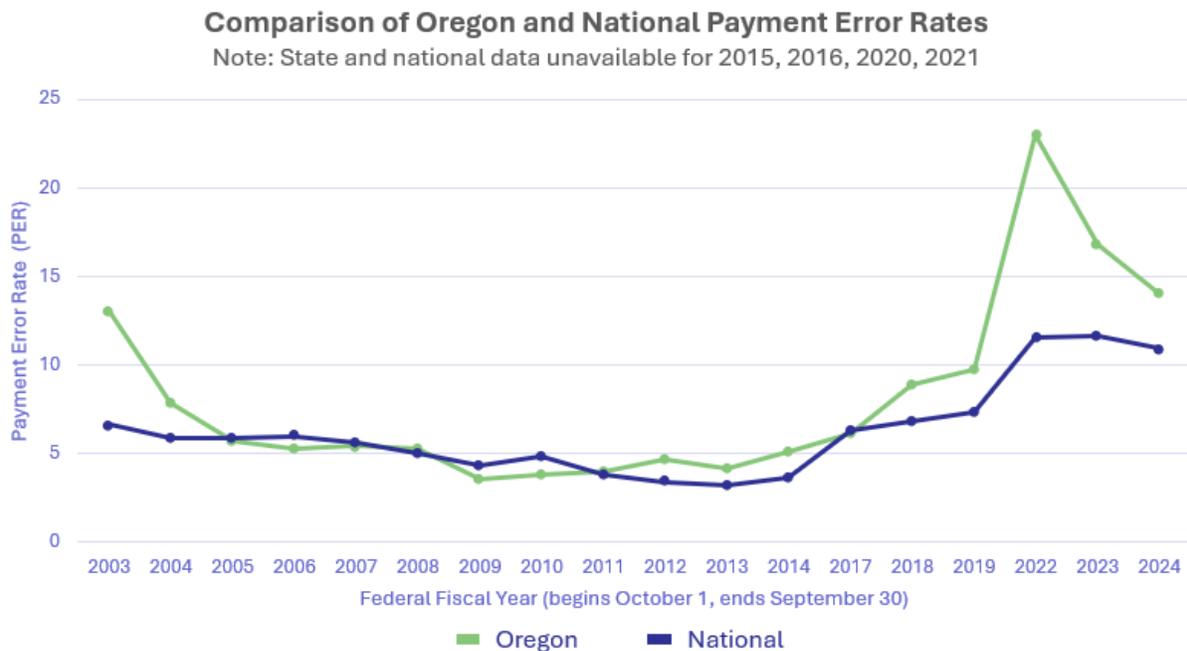
H.R.1 converts what was previously a capped penalty system into a cost-share obligation, while retaining federal control over what states are permitted to count as error drivers, creating significant financial risk even when states are making good-faith, FNS-approved investments.

### History of the SNAP Payment Error Rate in Oregon

The SNAP payment error rate is a measure of the accuracy of households’ SNAP allotments and is largely driven by complex federal eligibility and reporting rules which are challenging for clients to navigate. It is not a measure of application timeliness or intentional fraud.

In the decade and a half leading up to the pandemic, Oregon’s SNAP payment error rate was closely comparable to the national average and often below 6% (see Figure 2 below). Accuracy challenges emerged alongside the COVID-19 pandemic and its subsequent wind-down, amid rapid caseload growth and frequent, complex federal policy changes that strained operations nationwide. After its spike in 2022, Oregon’s PER steadily decreased—thanks to implementation of the state’s corrective action plan and subsequent investments—to its 2024 figure of 14.06%.

Figure 2.



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