
7 U.S. Code § 2025

Administrative cost-sharing and quality control

(a) Administrative costs

Subject to subsection (k), the Secretary is authorized to pay to each State agency an amount equal to 50 per centum of all administrative costs involved in each State agency's operation of the supplemental nutrition assistance program, which costs shall include, but not be limited to, the cost of (1) the certification of applicant households, (2) the acceptance, storage, protection, control, and accounting of benefits after their delivery to receiving points within the State, (3) the issuance of benefits to all eligible households, (4) informational activities relating to the supplemental nutrition assistance program, including those undertaken under section 2020(e)(1)(A) of this title, but not including recruitment activities designed to persuade an individual to apply for program benefits or that promote the program through television, radio, or billboard advertisements, (5) fair hearings, (6) automated data processing and information retrieval systems subject to the conditions set forth in subsection (g), (7) supplemental nutrition assistance program investigations and prosecutions, (8) implementing and operating the immigration status verification system established under section 1137(d) of the Social Security Act (42 U.S.C. 1320b-7(d)), and (9) establishing and operating a longitudinal database in accordance with section 2026(n) of this title: *Provided*, That the Secretary is authorized at the Secretary's discretion to pay any State agency administering the supplemental nutrition assistance program on all or part of an Indian reservation under section 2020(d) of this title or in a Native village within the State of Alaska identified in section 1610(b) of title 43, such amounts for administrative costs as the Secretary determines to be necessary for effective operation of the supplemental nutrition assistance program, as well as to permit each State to retain 35 percent of the value of all funds or allotments recovered or collected pursuant to sections 2015(b) and 2022(c) of this title and 20 percent of the value of any other funds or allotments recovered or collected, except the value of funds or allotments recovered or collected that arise from an error of a State agency. The officials responsible for making determinations of ineligibility under this chapter shall not receive or benefit from revenues retained by the State under the provisions of this subsection.

(b) Work supplementation or support program

(1) "Work supplementation or support program" defined

In this subsection, the term "work supplementation or support program" means a program under which, as determined by the Secretary, public assistance (including any benefits provided under a program established by the State and the supplemental nutrition assistance program) is provided to an employer to be used for hiring and employing a public assistance recipient who was not employed by the employer at the time the public assistance recipient entered the program.

(2) Program

A State agency may elect to use an amount equal to the allotment that would otherwise be issued to a household under the supplemental nutrition assistance program, but for the operation of this subsection, for the purpose of subsidizing or supporting a job under a work supplementation or support program established by the State.

(3) Procedure

If a State agency makes an election under paragraph (2) and identifies each household that participates in the supplemental nutrition assistance program that contains an individual who is participating in the work supplementation or support program—

(A) the Secretary shall pay to the State agency an amount equal to the value of the allotment that the household would be eligible to receive but for the operation of this subsection;

(B) the State agency shall expend the amount received under subparagraph (A) in accordance with the work supplementation or support program in lieu of providing the allotment that the household would receive but for the operation of this subsection;

(C) for purposes of—

(i) sections 2014 and 2017(a) of this title, the amount received under this subsection shall be excluded from household income and resources; and

(ii) section 2017(b) of this title, the amount received under this subsection shall be considered to be the value of an allotment provided to the household; and

(D) the household shall not receive an allotment from the State agency for the period during which the member continues to participate in the work supplementation or support program.

(4) Other work requirements

No individual shall be excused, by reason of the fact that a State has a work supplementation or support program, from any work requirement under section 2015(d) of this title, except during the periods in which the individual is employed under the work supplementation or support program.

(5) Length of participation

A State agency shall provide a description of how the public assistance recipients in the program shall, within a specific period of time, be moved from supplemented or supported employment to employment that is not supplemented or supported.

(6) Displacement

A work supplementation or support program shall not displace the employment of individuals who are not supplemented or supported.

(c) Quality control system

(1) In general

(A) System

(i) In general

In carrying out the supplemental nutrition assistance program, the Secretary shall carry out a system that enhances payment accuracy and improves administration by establishing fiscal incentives that require State agencies with high payment error rates to share in the cost of payment error.

(ii) Tolerance level for excluding small errors

The Secretary shall set the tolerance level for excluding small errors for the purposes of this subsection—

(I) for fiscal year 2014, at an amount not greater than \$37; and

(II) for each fiscal year thereafter, the amount specified in subclause (I) adjusted by the percentage by which the thrifty food plan is adjusted under section 2012(u)(4) of this title between June 30, 2013, and June 30 of the immediately preceding fiscal year.

(B) Quality control system integrity

(i) In general

Not later than 180 days after December 20, 2018, the Secretary shall issue interim final regulations that—

- (I) ensure that the quality control system established under this subsection produces valid statistical results;
- (II) provide for oversight of contracts entered into by a State agency for the purpose of improving payment accuracy;
- (III) ensure the accuracy of data collected under the quality control system established under this subsection; and
- (IV) for each fiscal year, to the maximum extent practicable, provide for the evaluation of the integrity of the quality control process of not fewer than 2 State agencies, selected in accordance with criteria determined by the Secretary.

(ii) Debarment

In accordance with the nonprocurement debarment procedures under part 417 of title 2, Code of Federal Regulations, or successor regulations, the Secretary shall debar any person that, in carrying out the quality control system established under this subsection, knowingly submits, or causes to be submitted, false information to the Secretary.

(C) Establishment of liability amount for fiscal year 2003 and thereafter

With respect to fiscal year 2004 and any fiscal year thereafter for which the Secretary determines that, for the second or subsequent consecutive fiscal year, a 95 percent statistical probability exists that the payment error rate of a State agency exceeds 105 percent of the national performance measure for payment error rates announced under paragraph (6), the Secretary shall establish an amount for which the State agency may be liable (referred to in this paragraph as the “liability amount”) that is equal to the product obtained by multiplying—

- (i) the value of all allotments issued by the State agency in the fiscal year;
- (ii) the difference between—
 - (I) the payment error rate of the State agency; and
 - (II) 6 percent; and
- (iii) 10 percent.

(D) Authority of Secretary with respect to liability amount

With respect to the liability amount established for a State agency under subparagraph (C) for any fiscal year, the Secretary shall—

- (i)
 - (I) require that a portion, not to exceed 50 percent, of the liability amount established for the fiscal year be used by the State agency for new investment, approved by the Secretary, to improve administration by the State agency of the supplemental nutrition assistance program (referred to in this paragraph as the “new investment amount”), which new investment amount shall not be matched by Federal funds;
 - (II) designate a portion, not to exceed 50 percent, of the amount established for the fiscal year for payment to the Secretary in accordance with subparagraph (E) (referred to in this paragraph as the “at-risk amount”); or
 - (III) take any combination of the actions described in subclauses (I) and (II); or
- (ii) make the determinations described in clause (i) and enter into a settlement with the State agency,

only with respect to any new investment amount, before the end of the fiscal year in which the liability amount is determined under subparagraph (C).

(E) Payment of at-risk amount for certain States

(i) In general

A State agency shall pay to the Secretary the at-risk amount designated under subparagraph (D)(i)(II) for any fiscal year in accordance with clause (ii), if, with respect to the immediately following fiscal year, a liability amount has been established for the State agency under subparagraph (C).

(ii) Method of payment of at-risk amount

(I) Remission to the Secretary

In the case of a State agency required to pay an at-risk amount under clause (i), as soon as practicable after completion of all administrative and judicial reviews with respect to that requirement to pay, the chief executive officer of the State shall remit to the Secretary the at-risk amount required to be paid.

(II) Alternative method of collection

(aa) In general

If the chief executive officer of the State fails to make the payment under subclause (I) within a reasonable period of time determined by the Secretary, the Secretary may reduce any amount due to the State agency under any other provision of this section by the amount required to be paid under clause (i).

(bb) Accrual of interest

During any period of time determined by the Secretary under item (aa), interest on the payment under subclause (I) shall not accrue under section 2022(a)(2) of this title.

(F) Use of portion of liability amount for new investment

(i) Reduction of other amounts due to State agency

In the case of a State agency that fails to comply with a requirement for new investment under subparagraph (D)(i)(I) or clause (iii)(I), the Secretary may reduce any amount due to the State agency under any other provision of this section by the portion of the liability amount that has not been used in accordance with that requirement.

(ii) Effect of State agency's wholly prevailing on appeal

If a State agency begins required new investment under subparagraph (D)(i)(I), the State agency appeals the liability amount of the State agency, and the determination by the Secretary of the liability amount is reduced to \$0 on administrative or judicial review, the Secretary shall pay to the State agency an amount equal to 50 percent of the new investment amount that was included in the liability amount subject to the appeal.

(iii) Effect of Secretary's wholly prevailing on appeal

If a State agency does not begin required new investment under subparagraph (D)(i)(I), the State agency appeals the liability amount of the State agency, and the determination by the Secretary of the liability amount is wholly upheld on administrative or judicial review, the Secretary shall—

- (I) require all or any portion of the new investment amount to be used by the State agency for new investment, approved by the Secretary, to improve administration by the State agency of the supplemental nutrition assistance program, which amount shall not be matched by Federal funds; and
- (II) require payment of any remaining portion of the new investment amount in accordance with

subparagraph (E)(ii).

(iv) Effect of neither party's wholly prevailing on appeal

The Secretary shall promulgate regulations regarding obligations of the Secretary and the State agency in a case in which the State agency appeals the liability amount of the State agency and neither the Secretary nor the State agency wholly prevails.

(G) Corrective action plans

The Secretary shall foster management improvements by the States by requiring State agencies, other than State agencies with payment error rates of less than 6 percent, to develop and implement corrective action plans to reduce payment errors.

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