



United States Department of Agriculture

Office of the Secretary
Washington, D.C. 20250

July 06, 2020

Ms. Courtney E. Hawkins
Director
Rhode Island Department of Human Services
Louis Pasteur Building
25 Howard Avenue
Cranston, Rhode Island 02920

Dear Ms. Hawkins:

Today, the U.S. Department of Agriculture released the Supplemental Nutrition Assistance Program payment error rates for Fiscal Year (FY) 2019 under the quality control (QC) provisions of Section 16(c) of the Food and Nutrition Act of 2008, as amended (the Act). The national performance measure (national average payment error rate) for FY 2019 is 7.36 percent. Your payment error rate consists of the sum of the overpayment rate and the underpayment rate. Please note, this sum may not add up to the exact payment error rate due to rounding.

Rhode Island's QC error rates for FY 2019 are:

Overpayment Rate	21.57 percent
Underpayment Rate	1.09 percent
Payment Error Rate	22.66 percent

Regrettably, your State error rate again increased in FY 2019 compared to FY 2018. You must make certain that the Rhode Island Department of Human Services prioritizes using all available tools to ensure accurate payments moving forward. The enclosure outlines the largest drivers of payment errors in your State, combined efforts in the past year to improve payment accuracy, and recommendations for improving payment accuracy moving forward. The Northeast Regional Office is your partner in reducing payment error rates. Together, we are stewards of the taxpayer's money, and our collaborative efforts will serve to improve program integrity.

The Secretary of Agriculture has delegated statutory authorities regarding liability determination due to excessive payment error rates to the Food and Nutrition Service (FNS). Under the Act, a liability amount shall be established when, for the second or subsequent consecutive fiscal year, FNS determines that there is a 95 percent statistical probability that a State's payment error rate exceeds 105 percent of the national performance measure for payment error rates.

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For FY 2019, FNS has determined there is a 95 percent statistical probability that Rhode Island's payment error rate of 22.66 percent exceeds 105 percent of the national performance measure. FY 2019 is the third consecutive year that Rhode Island has exceeded 105 percent of the national performance measure. Consequently, a liability amount of \$4,068,578 is established for Rhode Island for FY 2019. In accordance with Section 16(c)(8)(C)(iii) of the Act, the Governor and Legislative bodies of Rhode Island have also been advised of the error rates and the liability amount. Please see the enclosed documents for more details about your State's liability and your settlement and appeal options for FY 2019. In addition, Rhode Island must fulfill its FY 2018 QC related new investment requirements and is required to pay the at-risk amount of \$1,011,341.50 from your FY 2018 liability, which will be sent under separate cover by the Northeast Regional Office.

Finally, if FNS determines the Rhode Island's payment error rate in FY 2020 also has a 95 percent statistical probability that it exceeds 105 percent of the FY 2020 national performance measure, and the rate is above 6 percent, a liability amount may be established.

If you have any questions or need more information, please call your Regional Administrator, Kurt Messner, at (617) 565-6370. Please do not hesitate to contact me directly if there is more you believe FNS can do to assist Rhode Island in ensuring accurate payments to your SNAP families.

Regards,



Brandon Lipps
Deputy Under Secretary
Food, Nutrition, and Consumer Services

Enclosures

RHODE ISLAND

Annual Error Rates

Fiscal Year	State Rate	National Rate
FY 2019	22.66%	7.36%
FY 2018	13.81%	6.80%
FY 2017	11.24%	6.30%

FY 2019 Error Rate Details

Client Caused Errors	State Caused Errors
32.62%	67.38%

Common Error Categories

Wages and Salaries	33.92%
Household Composition	9.82%
Shelter Deductions	13.9%

Major Drivers of Payment Errors

Reported information disregarded or not applied	21.46%
Information not reported	21.41%
Other (Agency)	11.52%

Technical Assistance Provided by USDA-FNS

- The Food and Nutrition Service (FNS) provided technical assistance including regularly scheduled calls with payment accuracy and the State system teams, regularly reviewed and commented on planned system changes and defect reports, and assisted with new investment plans to address root causes of errors.
- FNS is planning an upcoming technical assistance visit to evaluate outstanding system defects and issues with system release, as well as the training of new and seasoned staff.

Recommendations for Improvement Going Forward

- FNS recommends that all States with error rates above the national average adopt the best practices shared in the Keys to Payment Accuracy. (<https://www.fns.usda.gov/snap/QC/keys-payment-accuracy>)
- As the majority of the errors are State caused, such as failure to act upon information reported by households, FNS recommends considering modernization efforts. State modernization efforts can reduce costs and improve customer service. Modernization initiatives can focus on policy or procedural changes, improving technology or engaging with community partners. Efforts such as business process reengineering can improve access for SNAP clients while keeping in mind the State's finite resources.

The Supplemental Nutrition Assistance Program (SNAP) Error Rate Liability Process for FY 2019

Notification

USDA is required by Section 16(c)(8)(C) of the Food and Nutrition Act of 2008, as amended, (the Act) to notify State agencies of their payment claims or liability amounts. The Food and Nutrition Service (FNS) notified your State on June 28, 2018, that FY 2017 was considered a first year for an excessive payment error rate and that a liability amount would be established if the same determination was made for the FY 2018 payment error rate.

On July 30, 2019, your State was notified that FY 2018 was the second of two consecutive years for an excessive payment error rate and that a liability amount was established. Your State chose to settle with FNS by designating 50 percent of the liability amount for new investment in approved activities to improve administration of SNAP and by designating 50 percent of the liability amount as at-risk for repayment if a liability amount for an excessive payment error rate is established for FY 2019. Your State must continue to fulfill its FY 2018 new investment requirements. Also, since your State is in liability status for a subsequent year, it is required to pay the at-risk amount from its FY 2018 liability. The bill for your FY 2018 at-risk amount will be sent under separate cover by your regional office and will be due within 30 days of receipt or interest will begin to accrue per Federal regulations at 7 CFR 275.23(j).

Settlement Options

For your liability this year, your State may choose to pay the whole liability amount in full or settle with FNS by designating 50 percent of the liability amount for new investment in approved activities to improve administration of SNAP, and by designating 50 percent of the liability amount as at-risk for repayment if a liability amount for an excessive payment error rate is established for FY 2020.

Enclosed are the requirements for new investment and instructions for the State's appeal rights and procedures, along with the Notice of Claim/Bill for Collection for the full amount of the liability. If you choose to accept the 50/50 settlement option proposed above, please sign the settlement agreement, retain a signed copy for your records and return a signed copy to your FNS regional office by September 30, 2020, following requirements at 7 CFR 275.23(e).

Appeal Process

The liability determination and associated amount are eligible for appeal following Section 16(c) of the Act. If a State agency decides to pursue an appeal, it must file a notice of appeal within 10 days of receipt of this notice of liability amount and the enclosed Notice of Claim/Bill for Collection (7 CFR 283.4). However, the statute further provides that this time period may be extended for cause if so determined by USDA's Office of the Administrative Law Judges (OALJ). In accordance with SNAP regulations at 7 CFR 283.22(f), a request for an extension must be submitted to the OALJ prior to the original due date.

The notice of appeal or a request for an extension shall be filed with the Hearing Clerk by mail or electronically to U.S. Department of Agriculture, Office of Administrative Law Judges, Room 1031- South Building, 1400 Independence Avenue SW, Washington, D.C. 20250-9203 or SM.OHA.HearingClerks@USDA.GOV within 10 days of receipt of this notice of liability amount and the enclosed Notice of Claim/Bill for Collection.

In the event that your State files a notice of appeal within 10 days of receipt of this notice of liability amount and the enclosed Notice of Claim/Bill for Collection, its appeal petition providing factual arguments in support of its appeal must be filed within 60 days of receipt of this notice. See Section 16(c)(8)(D)(ii) of the Act and 7 CFR 275.23(f).

Should the appeal process result in the State agency signing either the original settlement agreement or a new one, a new deadline for submitting the signed agreements will be provided.

Future Actions

If FNS determines for FY 2020 that there is again a 95 percent statistical probability that your State's payment error rate exceeds 105 percent of the national performance measure payment error rate and the rate is at or exceeds six percent, a liability amount will be established for your State agency for FY 2020 and your State will also be liable for the FY 2019 at-risk amount.

BILL FOR COLLECTION

USDA-FOOD AND NUTRITION SERVICE
1320 Braddock Place
Alexandria, VA 22314

Date: July 06, 2020

Payer: Ms. Courtney E. Hawkins
Director
Department of Human Services
Louis Pasteur Building
25 Howard Avenue
Cranston, Rhode Island 02920

Symbol	Description	Total Amount
121099	FY19 QC LIABILITY	\$4,068,578.00

Make check payable to: USDA - FNS – HQ

Please send payment to: USDA - FNS - HQ
P.O. Box 979027
St. Louis, MO 63197-9000

Payment is due within 30 days of the date of this bill. Interest at 2.0% per annum, computed monthly, will be charged on the unpaid balance, and will accrue from the date of this bill. However, interest charges will be waived on the debt or any portion of the debt paid within 30 days of the original billing.

PLEASE RETURN THIS PORTION WITH PAYMENT

FY 2019 QC Liability
Amount Paid _____

Vendor:
Ms. Courtney E. Hawkins
Director
Department of Human Services
Louis Pasteur Building
25 Howard Avenue
Cranston, Rhode Island 02920

Mail Payment to:
USDA - FNS - HQ
P.O. Box 979027
St. Louis, MO 63197-9000

Make payment to USDA-FNS-HQ by check, money order. Address inquiries to: USDA - Food and Nutrition Service, FM, Accounting Division, Attn: Victoria McElroy, 1320 Braddock Place, Alexandria, VA 22302. 703 605-4396, email: Victoria.McElroy@usda.gov

SETTLEMENT AGREEMENT

The Rhode Island Department of Human Services ("State") and the Secretary of Agriculture ("Secretary") agree, as stated in this settlement agreement ("Agreement"), to settle the Supplemental Nutrition Assistance Program ("SNAP") payment error rate liability amount ("Liability Amount"), Federal Fiscal Year 2019 ("FFY 2019"), for the State established pursuant to Section 16(c)(1)(C) of the Food and Nutrition Act of 2008, as amended ("Act"). This Agreement is entered into pursuant to Sections 13(a)(1) and 16(c)(1)(D)(ii) of the Act.

[1] Pursuant to Section 16(c)(1)(C) of the Act, for FFY 2019, the Secretary has established a Liability Amount of \$4,068,578 for the State. Pursuant to Section 16(c)(1)(D)(i)(I) of the Act, the Secretary has determined that \$2,034,289, which is fifty (50) percent of the Liability Amount, be used by the State for new investment ("New Investment Amount"), and determined that the remaining \$2,034,289 is an at-risk amount ("At-Risk Amount") that would be paid to the Secretary in accordance with Section 16(c)(1)(D)(i)(II) of the Act in the following FFY if a liability amount is again established for FFY 2020. The Secretary has notified the State about the statutorily established At-Risk Amount by separate letter. The At-Risk Amount is not affected by this Agreement.

[2] The State agrees to invest a New Investment Amount, totaling \$2,034,289, which is fifty (50) percent of the FFY 2019 Liability Amount established for the State, in mutually agreed upon activities for improving SNAP administration within the State. This New Investment Amount shall not be eligible for Federal matching dollars, and shall be in addition to the cost of the minimum program administration required by law and regulation. For the purpose of complying with this Agreement, the State may not transfer or borrow funds from existing SNAP operational activities to fund new investment activities.

[3] The State shall submit a proposed New Investment Plan to the Secretary within ninety (90) days of the effective date of this Agreement. The New Investment Plan shall state how the New Investment Amount will be expended by the State. The New Investment Plan and any modifications to the plan are incorporated into this Agreement as addenda to this Agreement.

[4] Costs of investment activities funded by the New Investment Amount shall be allocated in accordance with the State's approved New Investment Plan. One hundred percent of the funds invested by the State under this Agreement may be credited as SNAP administrative expenditures so long as the approved activities are aimed at improving SNAP administration, regardless of whether other State programs may also benefit from investments.

[5] Once the State completes an investment expenditure as part of the New Investment Plan, the expenditure is final and not subject to any future adjustment due to subsequent changes in law. In the event that the State fails to make the expenditures necessary to satisfy the terms of this Agreement, or fails to comply in whole or in part with the New Investment Plan required in paragraph [3], the Secretary shall collect from the State the unpaid cash payments or the amount of funds not timely invested according to the New Investment Plan, by withholding such funds

pursuant to Section 13(a)(1) of the Act from amounts that would otherwise be payable to the State by the Secretary.

[6] Any monies expended by the State for administrative purposes described in Section 16(a) of the Act that are in addition to, and exceed, the amount of the New Investment Amount stated in paragraph [1] may be eligible for Federal matching funds.

[7] The State shall provide periodic reports as requested by the Secretary concerning the State's compliance with the terms of this Agreement, the expenditure of funds, and the efforts of the State to improve SNAP program administration.

[8] This Agreement shall constitute complete settlement and satisfaction of all administrative claims and causes of action which have been or could have been asserted by the State against the Secretary, or by the Secretary against the State, relating to the State's Liability Amount (including New Investment Amount) for FFY 2019.

[9] This Agreement shall only affect the State's SNAP error rate Liability Amount for FFY 2019, and shall not affect any liability of the State in future years for exceeding the national performance measure error rate in accordance with Section 16(c)(1)(C) of the Act.

[10] This Agreement may be signed in separate counterparts and shall become effective only upon the signature affixed by the representatives of the Secretary and the State.

[11] If the State does not appeal its FFY 2019 liability amount and enters into this agreement, this Agreement shall be signed by the State and submitted to the Northeast Regional Office by September 30, 2020.

[12] If the State appeals its FFY 2019 liability amount and it results in the State agency agreeing to this original settlement agreement, a new sign by date will be provided separately.

AGREED:

Date: July 06, 2020



On Behalf of the Secretary:
Pamilyn Miller
Administrator
Food and Nutrition Service
U.S. Department of Agriculture

Date: _____

Ms. Courtney E. Hawkins
Director
Rhode Island Department of
Human Services