



Clarence H. Carter, Director

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DES institutes reforms to reduce Nutrition Assistance payment errors

PHOENIX – (July 1, 2011) – The Department of Economic Security is implementing a statewide quality improvement plan to improve the accuracy of payments associated with its Supplemental Nutrition Assistance Program (SNAP). The comprehensive set of reforms is in response to a newly-released U.S. Department of Agriculture report that found the State of Arizona’s payment error rate for SNAP exceeded the federal guideline in fiscal 2010. The unsatisfactory error rate came as DES grappled with a 97 percent increase in the number of SNAP recipients, as well as reduced eligibility staffing due to budget cuts.

In response to these challenges, DES is implementing a significant program reform known as the Performance Advancement Redesign (PAR) plan. DES is working collaboratively with the U.S. Food and Nutrition Service (FNS) as part of this effort. As DES implements PAR, it is also filing a notice of appeal of a potential sanction with FNS – citing among other things the sharp jump in Nutrition Assistance applications. The federal government typically takes into account mitigating factors, such as a significant jump in program enrollees, when determining whether to waive potential state sanctions.

While the DES appeal is considered, FNS is allowing the state agency to re-invest \$547,757 out of a \$1,095,515 potential sanction. The sanction was imposed because the DES payment error rate for SNAP exceeded the National Sanction Threshold of 6 percent. Despite the caseload increase, Arizona’s rate for fiscal 2010 was less than 0.7 percent above the federal minimum allowance.

FNS Western Regional Director Allen Ng said in a statement that his agency “determined that the increase in Arizona’s error rate is due to a significant rise in the caseload, coupled with diminished resources to keep up with the demand.” He praised DES for taking “proactive steps to increase the efficiency of its processes.”

PAR has already been tested in two DES offices, and Ng said preliminary data from those offices show “marked improvement in their timeliness rates and error rates.” During a pilot testing of the new process, an FAA office in Tempe more than halved its error rate – reducing it to 3.28 percent, down from 7.37 percent. During a similar pilot testing, a Glendale FAA office reduced its payment error rate to 4.39 percent, down from 6.76 percent.

“When I took over the Washington, D.C. Department of Human Services in 2007, we faced a similar sanction for the administration of SNAP,” said DES Director Clarence H. Carter. “Within 18 months we were meeting FNS standards, and within 24 months we were winning performance awards. DES was already well on its way to implementing similar corrective measures upon my arrival. I am fully confident that these efforts will yield measurable improvement for Arizona’s error rate by the end of 2011.”

The challenges facing Arizona’s SNAP program are driven by a doubling in the number of enrollees served by the program, a result of the economic downturn over the past several years. In July 2006, there were 531,689 individuals receiving help through the program. By May 2011, that number had risen to 1,063,434. At the same time, austerity measures required as a result of tightened state budget crisis forced a 26 percent reduction in the number of staff within the DES Financial Assistance Administration (FAA). These offices process Nutrition Assistance applications. Similar challenges arose under past administrations during periods of weak economic growth and rising demand, such as early this decade.

The PAR reforms involve a change in focus. Instead of a single eligibility worker handling the entire process, teams of specialists will focus on specific segments of eligibility determination.

Additionally, the new procedures will focus on common errors in the application process, and redouble efforts in that continue to experience high error rates.

PAR will be implemented in 18 more DES offices over the next few months, and will be fully deployed in all 60 eligibility offices by the end of the calendar year. The new processes are expected to deliver measurable improvement by the end of 2011.

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