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March 5, 2026

Senator Ingwersen, Chair  
Representative Meyer, Chair  
Members, Joint Standing Committee on Health and Human Services  
100 State House Station  
Augusta, ME 04333-0100

Re: LD 2122 – *An Act to Prevent Negative Impacts from Federal Funding Changes to and Fund Eligibility Determinations and Outreach for the Supplemental Nutrition Assistance Program*

Senator Ingwersen, Representative Meyer, and members of the Joint Standing Committee on Health and Human Services:

Thank you for the opportunity to provide information neither for nor against LD 2122, which would add SNAP Outreach costs to the state's General Fund, require the development of a new electronic system to review Supplemental Nutrition Assistance Program (SNAP) eligibility decisions, and create a new contingency fund to be used if there is a lapse in federal SNAP benefit funding.

The Department shares the goal of Speaker Fecteau and the bill's co-sponsors in addressing the significant impacts of Public Law 119-21 (the One Big Beautiful Bill Act) on both State and low-income Mainers who rely on SNAP to supplement their grocery budgets each month. PL 119-21 creates significant cost shifts and changes in eligibility for SNAP, many of which the Department plans to address through the Governor's proposed Supplemental Budget. This letter provides information about both the scope of LD 2122 and of the Department's proposals to address many of the same issues through the budget process.

Section One (1) of this bill would establish state funded grants to help pay SNAP Outreach contractors and a contracted position within the Office for Family Independence (OFI) to oversee the contracts. The same law (PL 119-21) that halves the federal share of all SNAP administrative expenses (from 50% to 25%) effective October 1, 2026, reduces the federal reimbursement rate for SNAP outreach activities, which are also considered SNAP administrative expenses. OFI generally supports SNAP outreach activities, however, due to the unavoidable cost shift from federal to state general funds already imposed by PL 119-21, the Department is unable to absorb SNAP outreach costs into the SNAP Administration budget at this time. If this section were to be funded, OFI would prefer the position to be a Family Independence Program Manager position within OFI, not a contractor.

Section Two (2) would require OFI to use a new electronic system to detect and correct SNAP errors, with a goal of reducing the State's SNAP Payment Error Rate (PER) and avoid cost sharing which will begin under PL 119-21 on October 1, 2027.

The PER measures how accurately a state agency has determined SNAP eligibility and benefit

amounts. Errors include both overpayments (when households receive more benefits than they are entitled to) and underpayments (when households receive less benefits than they are entitled to). The PER also includes both agency errors (such as not timely acting on reporting information or incorrectly calculating a benefit amount) and client errors (such as not reporting increases to household income). The PER is a percentage that refers to the *dollar* amount of benefits that were incorrectly issued, not the number of decisions that were incorrect. Maine's most recent PER was 10.26% (for Federal Fiscal Year 2024). During the same time period, the national average was 10.93%. Cost sharing for Federal Fiscal Year (FFY) 2028 will be based on either the FFY25 or FFY26 rate (whichever is lower) and then going forward it will be based on the error rate from three years ago (for example, FFY29 cost sharing will be based on the FFY26 PER).

Procuring and developing a new electronic system would take years and would not happen fast enough to impact the PER in order to avoid cost sharing before FFY30. However, OFI is engaging in several efforts to improve the SNAP Payment Error Rate (PER) and avoid or minimize cost sharing that do not involve new technology but instead build on our existing Eligibility and Enrollment (E&E) systems.

First, is increased staffing. The largest driver of agency (vs. client caused) errors is the Department not acting on reported changes fast enough. The addition of 40 Eligibility Specialist (ES) II positions, as requested in the supplemental budget, will provide the capacity to process reported changes timely. Having additional staff will allow us to reduce wait times for clients to report changes to us, especially by phone and My Maine Connection, OFI's online portal to manage benefits. This will both reduce the burden of reporting on SNAP recipients and decrease the state's PER. These additional staff will also enable OFI to conduct increased verification of SNAP recipient income and expenses. Finally, OFI has already established a dedicated SNAP Program Integrity team, initially comprised of 10 ES-II positions. This unit will proactively test SNAP cases for errors and make corrections to them before they become errors that impact the PER. This team will both use targeted and randomized case sampling methods.

Second is modernizing OFI's existing E&E systems. While Maine's E&E systems have been updated incrementally over time, they are not intuitive for staff to use, require extensive administrative knowledge and training, and increase the risk of data entry errors. These limitations result in unnecessary manual work, inefficient case processing, reduced accuracy, and limited workload visibility. The proposed E&E system investments in the Supplemental Budget include:

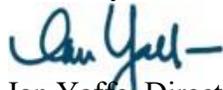
- Development of a new Automated Client Eligibility System (ACES) front-end and user interface to improve usability and long-term accuracy;
- Integration of the task and workload management system (Siebel) into ACES to ensure more accurate and timely processing of eligibility actions, particularly income-related changes that significantly impact PER and improved tracking for productivity oversight;
- Implementation of Intelligent Optical Character Recognition (iOCR) technology to automate paystub data entry and reduce manual errors; and
- Deployment of an AI-powered policy support tool to provide staff with faster, more consistent, and more accurate policy guidance.

Outside of the E&E modernization effort, OFI is making several technology enhancements within existing resources. These include launching a text messaging campaign this spring that will remind clients to report changes and working with our current technology vendor and partner agencies to enhance existing data exchanges to receive real-time information and verification of client circumstances including income and residency changes. These enhancements will begin impacting the State's PER in FFY26, much sooner than a new system. We would be happy to provide more information about OFI's overall plan to reduce Maine's PER in 2026 at the work session for this bill or at a separate briefing to the Committee.

Finally, Section Three (3) would create an emergency fund of not more than \$87M for use if there is an interruption in the federal funding of SNAP Benefits. Based on guidance received from the U.S. Department of Agriculture (USDA) during the November 2025 Lapse in Appropriations, if the state decided to fund federal SNAP benefits using state dollars because federal funds were not available, USDA would consider this a separate benefit. For example, if a household was eligible to receive \$200 in SNAP benefits and the state provided \$200 during the lapse in appropriations, after the federal funding issue was resolved, that household would receive \$400 for that month. At the time, USDA wrote to states that: "Unlike other reimbursable programs, SNAP allotments are fully Federally funded. States are responsible for determining household benefits, and the movement of dollars through to the processors and ultimately to the retailers. There is no provision or allowance under current law for States to cover the cost of benefits and be reimbursed."

Please feel free to contact me if you have any questions during your deliberation of this bill and thank you for considering this information.

Sincerely,



Ian Yaffe, Director  
Office for Family Independence  
Department of Health and Human Services