



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Health

FINANCE AND MANAGEMENT SERVICES
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March 30, 2026

The Honorable Andy Josephson
House Finance Co-Chair
Capitol Building, Room 505
Juneau, AK 99801

The Honorable Neal Foster
House Finance Co-Chair
Capitol Building, Room 511
Juneau, AK 99801

The Honorable Calvin Schrage
House Finance Co-Chair
Capitol Building, Room 410
Juneau, AK 99801

Dear Co-Chairs Josephson, Foster, and Schrage:

The Department of Health received the following questions from the House Finance Committee on March 5, 2026:

1 - Is it more cost effective to fix the SNAP error rate or just pay the penalty?

It is more cost effective to fix the error rate for the Supplemental Nutrition Assistance Program (SNAP) than to pay federal penalties since there have already been significant investments.

The Department received a one-time \$54.3 million (\$30.2 million federal / \$24.1 million general fund) capital appropriation to modernize the DPA IT systems.

The Department also received two multi-year appropriations in the operating budget FY22 and FY23 that supported the operations. Those appropriations were intended as stop gap measures while the Division of Public Assistance modernized their operations.

The Legislature appropriated 15 PCNs to the base operating budget in FY25.

FY26 supplemental budget includes Virtual Contact Center (VCC) funding, and \$21 million in system operations increases. These budget items are also proposed in the FY27 Governor's Amended operating budget.

The Department has received two SNAP penalties, in FY23 it was \$11.9 million, half is being reinvested, the other half is in a hold account. In FY24 the Department received a \$4.6 million penalty. The Department negotiated with Food and Nutrition Services (FNS) to hold on the FY24 penalty and allow time for the Department to implement the reinvestment plan that was approved October 2025.

In June 2026, the Department will receive the penalty letter that represents FFY25.

In FY30 the Department may have two penalties. One penalty will result in a State share of the SNAP benefit. The other penalty will be a fine to FNS.

In conclusion, the Department's focus remains on improving operations to reduce the risk of penalties.

2 - How has Alaska's SNAP error rate changed over the years? What changes have been made at the federal level to how the error rate is calculated?

Alaska's SNAP payment error rate has varied significantly over time. In the early 2010s, Alaska reported very low error rates, including 0.76 percent in 2011. Those results occurred during a period when the State implemented strategies intended to reduce the SNAP Quality Control (QC) error rate. Some of those practices were later alleged to have introduced bias into the quality control review process, and Alaska entered into a federal settlement related to quality control reporting for fiscal years 2010 through 2013. As a result, those practices cannot be used today.

Alaska's reported error rate was 24.66 percent in federal fiscal year 2024. The increase was largely driven by actions taken during the pandemic to prevent delays in benefit issuance.

The error rate is calculated through a federally required Quality Control process that reviews a statistical sample of SNAP cases each year and measures the percentage of benefit dollars issued incorrectly due to eligibility or benefit calculation errors.

Alaska SNAP Payment Error Rate

Federal Fiscal Year	Alaska Error Rate
2008	7.48%
2009	3.81%
2010	2.15%
2011	0.76%
2012	1.07%
2013	1.27%
2014	0.89%
2015	Measurement Issues
2016	No Data Available
2017	7.27%
2018	6.37%
2019	11.19%
2020	No Data Available
2021	No Data Available
2022	56.97%
2023	60.37%
2024	24.66%

Source: USDA Food and Nutrition Service SNAP Quality Control Reports

<https://www.fns.usda.gov/snap/qc/per>

3 - What is the goal for call times?

The VCC uses a tiered model. Contracted staff serve as the first point of contact and resolve many questions directly. If a caller needs eligibility action or specialized assistance, the call is transferred to the appropriate program queue.

Calls are answered quickly at the front end of the VCC. Currently, the average speed of answer for the main inquiry line is about 6–7 minutes.

For the 20 to 25 percent of calls that are transferred to specialized eligibility queues, the target is a wait time of less than 30 minutes. Most calls fall in the 30 to 50 minute range and are sometimes longer, but at peak times it can extend to two or three hours.

The division continues to monitor call volumes and staffing levels and is working to reduce overall wait times while resolving as many calls as possible at the first point of contact. To help reduce the burden of long hold times, the division has also implemented a callback feature so callers can retain their place in line without remaining on hold.

4 - Who makes determinations that an error has been made? What is the process?

The SNAP Quality Control (QC) process is a federally required program integrity review conducted in partnership between the State and the U.S. Department of Agriculture's Food and Nutrition Service (FNS).

Each month, a statistically valid sample of SNAP cases is selected for review. State quality control reviewers independently examine those cases to determine whether eligibility and benefit amounts were calculated correctly. The reviewers verify household information, income, deductions, and other eligibility factors using federal SNAP policy and documentation standards.

If the reviewer determines that the eligibility determination or benefit amount was incorrect, the case is recorded as an error in accordance with federal SNAP policy.

FNS then conducts a federal re-review of a subsample of the State's completed quality control cases. This federal validation process ensures that reviews were conducted correctly and consistently across states. The results of the reviewed cases are used to calculate the State's official SNAP payment error rate.

5 - Is there demographic data on where client errors are occurring? Did expansion and adding people to the program contribute to the increase in error rates?

The SNAP Quality Control (QC) process does not calculate error rates based on demographic characteristics. Instead, reviews are conducted to identify whether an error occurred and the type of error that caused it.

An internal analysis of recent quality control reviews shows that most errors are agency-caused rather than client-caused. Agency-caused errors occur when policy is applied incorrectly or when information in the case file is not processed accurately. The most common issues identified through reviews involve incorrectly applied policy, wages and salaries, and household composition. Client-caused errors represent a smaller portion of the total and typically involve differences between information reported by the household and what is later verified during the review.

Expansion policies, such as Broad-Based Categorical Eligibility (BBCE), did not contribute to the increase in Alaska's reported error rate. BBCE was not yet in place during the time period reflected in the error rate calculations for federal fiscal year 2024.

The increase in Alaska's reported error rate was primarily related to actions taken during the pandemic to prevent delays in benefit issuance, including certification extensions and adjustments to recertification timelines to address a processing backlog and ensure Alaskans continued receiving benefits.

Co-Chairs Josephson, Foster, and Schrage

March 30, 2026

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If you have additional questions, please contact me at (907) 465-1630.

Sincerely,



Pam Halloran

Assistant Commissioner

cc: Valerie Rose, Fiscal Analyst, Legislative Finance
Jordan Shilling, Director, Governor's Legislative Office
Tim Hess, Office of Management and Budget
Heidi Hedberg, Commissioner
Robert Lawrence, Chief Medical Officer
Emily Ricci, Deputy Commissioner
Deb Etheridge, Director of Division of Public Assistance
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