



United States Department of Agriculture

Office of the Secretary  
Washington, D.C. 20250

The Honorable Sean R. Parnell  
Governor of Alaska  
Post Office Box 110001  
Juneau, Alaska 99811

JUN 16 2011

Dear Governor Parnell:

Today the Department of Agriculture (USDA) released the official Supplemental Nutrition Assistance Program (SNAP) overpayment, underpayment, payment error, and negative error rates for Fiscal Year (FY) 2010 under the quality control (QC) provisions of section 16(c) of the Food and Nutrition Act of 2008 (the Act).

Alaska's QC error rates for FY 2010 are:

Overpayment Rate	2.00 percent
Underpayment Rate	0.14 percent
Payment Error Rate	2.15 percent
Validated Negative Error Rate	4.03 percent

Your payment error rate consists of the sum of two components: the overpayment rate and the underpayment rate. Overpayments reflect benefits issued over the amount that a household is entitled to receive while underpayments reflect benefits that a household is entitled to but did not receive. The overpayment error rate and the underpayment error rate may not add up to the exact payment error rate due to rounding. The national performance measure (national average payment error rate) for FY 2010 is 3.81 percent.

The negative error rate measures the correctness of a State agency's action to deny an application or suspend or terminate the benefits of a participating household. The rate also measures whether a State agency correctly determined a household's eligibility in terms of the State's compliance with Federal procedural requirements. The national average negative error rate for FY 2010 is 8.43 percent.

I would like to congratulate you for your achievement in obtaining both a payment error rate and a negative error rate that are below the national average in both categories. This reflects a strong commitment on your part to the proper administration of SNAP.

Statutory authorities regarding liability determination due to excessive payment error rates have been delegated by the Secretary of Agriculture to the Under Secretary for Food, Nutrition, and Consumer Services (FNCS). Under the Act, a 2-year liability system is in place. Under this

system, a liability amount shall be established when, for the second or subsequent consecutive FY, FNCS 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. I am pleased to inform you that Alaska falls within the tolerance level and FY 2010 will not count as a first year for your State agency.

Section 16(d)(2)(B) of the Act authorizes the Secretary to award \$48 million in bonuses to State agencies that demonstrate high or improved performance in administering SNAP. Beyond payment accuracy and negative error rates, FNCS identified two other areas of performance for FY 2010 on which awards will be based: highest and most improved program access index and highest percent of timely processed applications. The awards for highest and most improved program access index and timely processed applications will be announced at a later date.

At this time, USDA is also announcing the recipients of the payment accuracy and negative error rate bonus payments for FY 2010. I am pleased to announce that Alaska will receive a SNAP High Performance Bonus in the amount of \$232,898.00. Alaska is among the States with the lowest payment error rate during FY 2010. Alaska's payment error rate for FY 2010 is 2.15 percent. This measure directly relates to one of FNCS' overarching goals: improving program integrity.

Alaska did not qualify for an award for lowest or most improved negative error rate. The negative error rate bonus payment directly relates to another one of FNCS' overarching goals: improving customer service. Please contact your Food and Nutrition Service regional office for a list of award winners and your State's relative ranking in this performance measure.

I personally want to commend you for your achievement and encourage you to continue your efforts to improve program integrity and the overall administration of SNAP and appreciate the State's efforts and success in payment accuracy for SNAP recipients. Proper administration of this important nutrition assistance program results in public confidence as we work together to provide services to needy Americans.

Sincerely,



Kevin W. Concannon  
Under Secretary  
Food, Nutrition, and Consumer Services