

Program Evaluation: SNAP Administration and Performance



June 16, 2026

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June 16, 2026

Kari Armijo, Cabinet Secretary
Health Care Authority
Office of the Secretary
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Secretary Armijo:

The Legislative Finance Committee (LFC) is pleased to transmit the evaluation *SNAP Administration and Performance*. The program evaluation examined the Health Care Authority's performance outcomes and administration of the federal Supplemental Nutrition Assistance Program (SNAP). The Health Care Authority received an initial draft for review and comment on May 29, 2026. An exit conference was held with you and your staff on June 10, 2026, to discuss the report's contents.

The report will be presented to the LFC on June 16, 2026. LFC would like plans to address the recommendations within this report from the Health Care Authority within 30 days of the hearing.

I believe this report addresses issues the LFC and legislation (Laws 2025, Second Special Session, Chapter 1, Section 7) asked us to review, and hope the department and the state of New Mexico will benefit from our efforts. We very much appreciate the cooperation and assistance we received from you and your staff.

Sincerely,

A handwritten signature in black ink that reads "Charles Sallee".

Charles Sallee, Director

Cc: Representative Nathan Small, Chair, Legislative Finance Committee
Senator George K. Muñoz, Vice Chair, Legislative Finance Committee
Daniel Schlegel, Chief of Staff, Office of the Governor
Wayne Propst, Cabinet Secretary, Department of Finance and Administration
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TOP TAKEAWAY

The New Mexico Health Care Authority (HCA) needs to significantly reduce its payment error rate for the Supplemental Nutrition Assistance Program (SNAP) to prevent the state from losing up to \$173 million in federal funding annually. Enhanced performance management of its field offices, checking self-reported information from SNAP recipients, and other actions could help reduce the error rate and federal funding losses. Although SNAP has relatively low levels of confirmed fraud, HCA is under-investigating and under-identifying fraudulent activity. The lack of federal or state data collection on what specific food items are purchased with SNAP creates challenges for compliance monitoring and risks to program integrity.

THE ISSUE

The federal Supplemental Nutrition Assistance Program (SNAP) is the largest food assistance program in New Mexico, providing about \$1 billion in benefits to 21 percent of the state’s population. Congress recently made major changes to SNAP, including requirements for states with high payment error rates to cover a share of SNAP benefit costs. New Mexico’s SNAP payment error rate is currently the fifth worst in the country. SNAP payment errors are primarily overpayments caused by inaccurate income or household information, administrative mistakes, and weaknesses in case management, training, and oversight. Errors could be addressed through strategies that include improved training and oversight mechanisms.

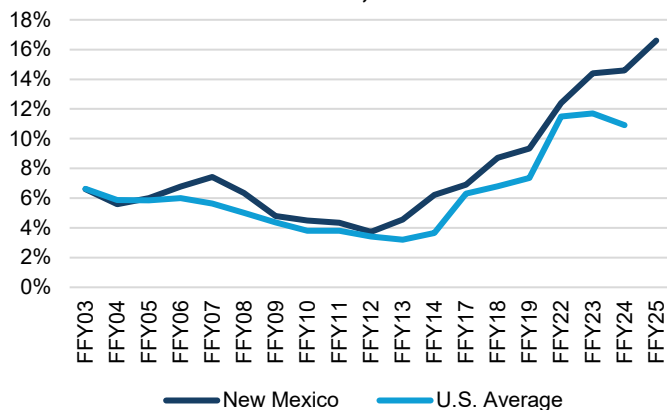
KEY FINDINGS

- HCA should enhance data verification and field office performance to improve accuracy and avoid up to \$173 million in annual cost-share increases.
- SNAP has program integrity risks and under-investigation of fraud, but low levels of confirmed fraud.

KEY RECOMMENDATIONS

- HCA should strengthen its performance management of field offices, including root cause analysis, staff feedback, and targeted training.
- HCA should require regular data checks or verifications of self-reported eligibility data, such as household composition information.
- HCA should explore opportunities for leveraging recent technological advancements in artificial intelligence and machine learning in SNAP data reviewing and processing.
- HCA should enhance its use of data analytics and available fraud risk assessments to identify high-risk anomalies and target investigative resources.
- HCA should modify its contract with its EBT card contractor to collect data on the types of food items that are purchased with SNAP benefits.
- The Legislature should consider requiring the HCA Office of Inspector General to annually report its investigative metrics to the public and LFC.

Chart 1. SNAP Payment Error Rates for New Mexico and the U.S., FFY03 to FFY25



Notes: FFY means federal fiscal year. SNAP error rates were not calculated in FFY15 or FFY16 because of national data issues or in FFY20 and FFY21 because of the Covid-19 pandemic. The FFY25 error rate for New Mexico is preliminary and still needs to be finalized by the USDA.

Source: LFC analysis of HCA and USDA data.

Background

The Supplemental Nutrition Assistance Program (SNAP) is the nation’s largest food assistance program and a major source of support for low-income households in New Mexico. The program operates under complex federal rules governing eligibility, benefit calculations, payment accuracy, and administrative oversight. Recent federal policy changes have increased the state’s financial share of the program’s cost and modified work requirements for recipients. New Mexico dedicated \$216 million in state funds to supplement SNAP benefits during recent federal funding disruptions. The state has improved the timeliness of SNAP application processing following decades-long litigation but the state’s accuracy of SNAP payments has also worsened over the past decade, resulting in substantial potential costs to the state from federal policy changes.

SNAP is the largest food assistance program for low-income families in the country and New Mexico.

SNAP was piloted during the Great Depression, made permanent in 1964, and now provides about \$96 billion annually in food benefits nationwide, including roughly \$1 billion to households in New Mexico. SNAP is overseen by the U.S. Department of Agriculture but administered by states. New Mexico has the highest proportion of its population participating in SNAP in the country, over 21 percent of the population, and enrollment and spending have grown faster than national trends. SNAP has three primary performance measures: accuracy, timeliness, and reducing food insecurity. Prior LFC reports have analyzed SNAP’s impacts on food insecurity; this LFC program evaluation mainly focuses on the accuracy and timeliness of SNAP in New Mexico.

SNAP is a longstanding federal program that was originally piloted during the Great Depression and later enacted in federal law in 1964. SNAP, formerly called the Food Stamp Program, traces its origins back to the Great Depression as a pilot program where the government bought and distributed surplus commodities using food stamps. In 1964, Congress passed legislation to make the Food Stamp Program a permanent program overseen by the Food and Nutrition Service of the U.S. Department of Agriculture (USDA). USDA is responsible for allocating SNAP funds, regulating national eligibility rules and benefit levels, authorizing retailers to participate in SNAP, and overseeing states’ administration of the program. During the decades following the 1960s, SNAP participation expanded nationwide and Congress made changes to increase access and strengthen program integrity requirements. From the mid-1980s through 2004, the federal government and state governments gradually phased out distributing benefits with physical paper stamps and instead developed an Electronic Benefit Transfer (EBT) card system where recipients receive benefits on debit cards which can be used at federally authorized retail

Figure 1. Official SNAP Logo



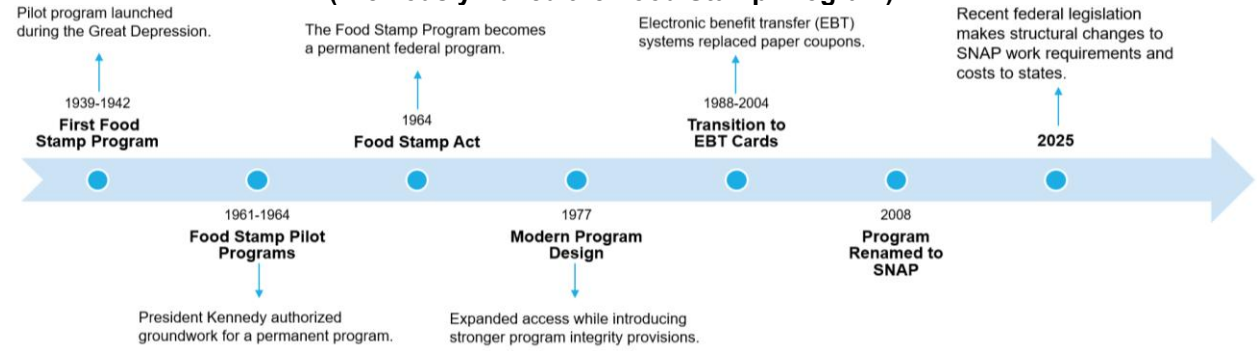
Source: U.S. Department of Agriculture (USDA)

SNAP has three primary performance measures: accuracy, timeliness, and reducing food insecurity.

Prior LFC reports have analyzed SNAP’s impacts on food insecurity; this LFC program evaluation mainly focuses on the accuracy and timeliness of SNAP in New Mexico.

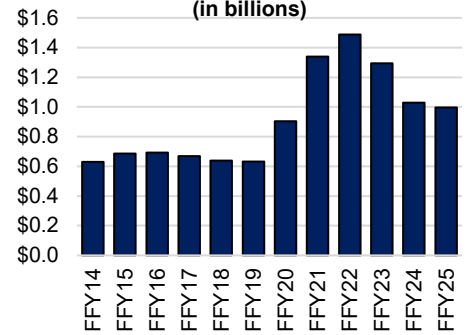
stores. In 2008, Congress changed the name of the Food Stamp Program to the Supplemental Nutrition Assistance Program.

Figure 2. Brief History of the Supplemental Nutrition Assistance Program (Previously Called the Food Stamp Program)



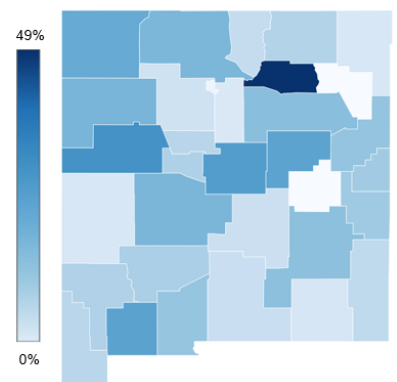
Annually, SNAP distributes roughly \$95 billion in food benefits nationally to 22 million households, including roughly \$1 billion in food benefits to 253 thousand New Mexico households. In federal fiscal year 2024-25 (FFY25), the federal government allocated \$95 billion in SNAP benefits to 22 million households nationally (comprised of 42 million people). Of this \$95 billion, New Mexico received roughly \$1 billion in federal SNAP benefits across 253 thousand households (comprised of 466 thousand people). Until recently, the federal government has historically covered 100 percent of the costs of SNAP benefits. Annual SNAP benefits issued in New Mexico increased from roughly \$600 million in FFY14 to a pandemic-era peak of more than \$1.5 billion in FFY22, before declining to about \$1 billion as emergency allotments expired. In FFY25, SNAP benefits issued in New Mexico equated to around \$83 million per month or \$20.7 million per week. New Mexico also participates in the federal summer EBT program (also called SUN Bucks) offering families \$120 per income-eligible child for summer groceries, which provided about \$33 million in FY25 for 275 thousand school children in the state.

Chart 2. Annual SNAP Benefits Issued in New Mexico, FFY14-FFY25 (in billions)



Source: LFC analysis of USDA data.

Figure 3. SNAP Benefits Percentage of Total Food Spending by County, New Mexico 2025



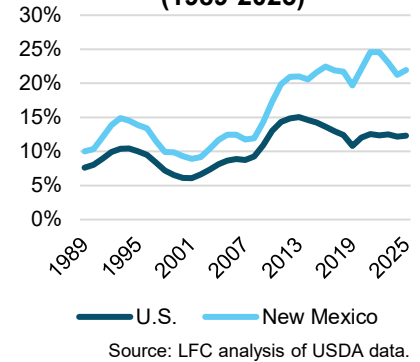
Note: Total food spending is estimated from gross receipt tax (GRT) food deduction data reported to the state Taxation and Revenue Department (TRD).

Source: LFC analysis of USDA retail data and TRD state food deduction data.

SNAP benefits accounted for about 15 percent of all food spending in New Mexico in 2025 but this varies widely by county. SNAP retail transactions in New Mexico were approximately \$846 million in 2025, which equates to about 15 percent of the \$5.7 billion in total food spending statewide. Several counties demonstrated significantly higher use of SNAP benefits than the state average. Mora County leads with SNAP transactions estimated to comprise nearly half of all food spending, followed by Cibola County at about 30 percent and Torrance and Luna counties at roughly 27 percent to 28 percent. Access to food retailers that accept SNAP is also uneven across the state. For example, De Baca and Harding counties had no reported SNAP-authorized retail stores in 2025. In contrast, more urbanized or higher-income counties such as Los Alamos (about 3 percent of food spending) and Santa Fe (about 7 percent) showed considerably lower reliance on SNAP sales as a percent of food spending.

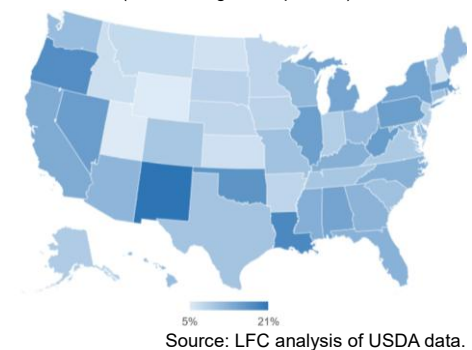
New Mexico's participation and spending in SNAP have grown faster than the nation and 21 percent of the state's population is enrolled in SNAP (nearly double the national average of 12.3 percent). According to USDA data, New Mexico's percent of the population participating in SNAP has consistently exceeded the national percent since at least 1989, but the two trends increased during the Great Recession and then began to diverge around 2013. While the national percent of people on SNAP declined steadily through 2019, New Mexico's percent of the population participating in SNAP remained high. Even after the Covid-19 pandemic in 2023, New Mexico's percent of the population on SNAP remained 9.6 percentage points higher than the national average in 2025. Drivers such as economic recessions, poverty, and state expansions of SNAP eligibility may have contributed to New Mexico's percent of the population on SNAP exceeding the national percent.

Chart 3. Percent of Population Receiving SNAP Monthly Benefits, New Mexico vs. U.S. (1989-2025)



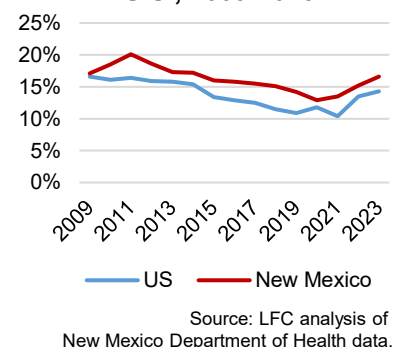
New Mexico currently has the highest rate of SNAP participation in the country with roughly one in five people in the state receiving SNAP. Over 21 percent of New Mexico's population (about 450 thousand people) participated in SNAP in FFY24 which was the highest proportion of the population of any U.S. state. After New Mexico, Louisiana and Oregon had the next highest SNAP participation rates in the country with around 17 percent to 18 percent. Utah and Wyoming had the lowest SNAP participation rates in the nation with around 5 percent of the population participating in SNAP. The majority of U.S. states (39 states or 78 percent) had a SNAP participation rate between 5 percent and 15 percent.

Figure 4. Percent of Population on SNAP by State, FFY24 (U.S. Average = 12 percent)



SNAP has three primary performance measures: accuracy, timeliness, and reducing food insecurity; this report focuses on accuracy and timeliness. Accuracy in SNAP is mainly measured through payment error rates, but is also measured through a case and procedural error rate measuring procedural accuracy. Federal rules require states to process SNAP applications within 30 days or (for very low-income households needing emergency expedited benefits) within seven days. States are required to measure the percent of SNAP applications processed within the required timeframes. The third performance measure of SNAP is how the program reduces food insecurity for low-income households. This LFC program evaluation focuses on the accuracy and timeliness of SNAP while recent LFC reports, including the *2025 LFC Policy Spotlight: Stacking of Income Supports*, examined SNAP's impact on food security in the state.

Chart 4. Food Insecurity Rates in New Mexico and U.S., 2009-2023



Previous LFC reports have shown that despite high SNAP participation and significant state investment, food insecurity remains widespread in New Mexico, particularly among households already receiving nutrition benefits. Research indicates SNAP alleviates, but does not eliminate, food insecurity.¹ In the *2025 LFC Policy Spotlight: Stacking of Income Supports* report and recent Census Plus Survey data, approximately 17 percent of New Mexicans reported sometimes or often not having enough to eat, which exceeds the national average. Food insecurity remains prevalent even among households receiving assistance; more than 25 percent of SNAP participants reported not always having

enough food in the prior week. Although the state has expanded its investments in food and nutrition programs, these efforts are too new for their impact to be reflected in available survey data.

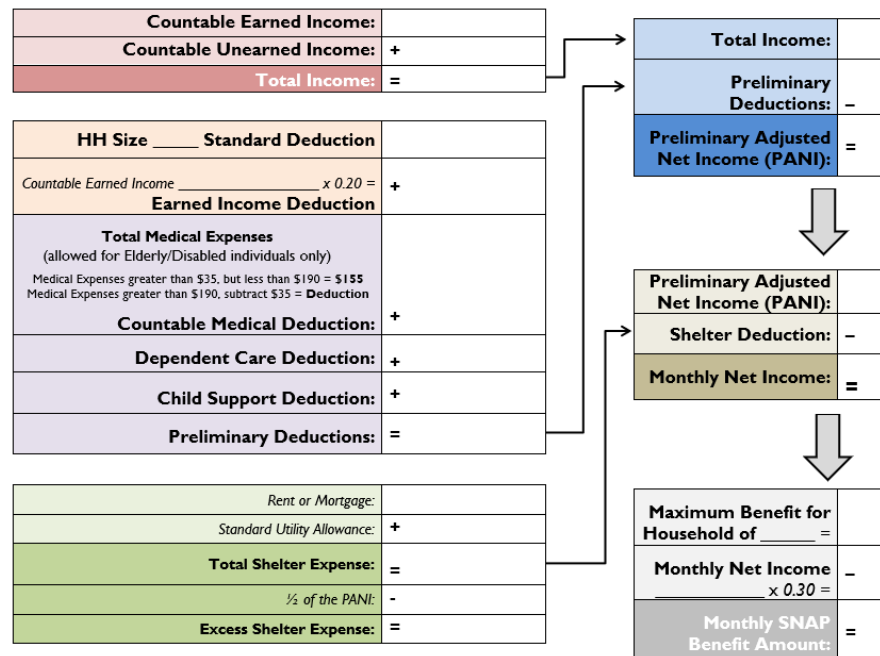
SNAP eligibility and benefit determinations are complex, but primarily driven by a household’s income and family size.

SNAP eligibility is complex and multifaceted but primarily based on a household’s income and composition (persons who live together and generally share food expenses and any dependent children living with them). Most New Mexico SNAP households have very low incomes, though Broad Based Categorical Eligibility allows some higher-income households, particularly those with elderly or disabled members, to qualify. A household’s eligibility information is periodically reviewed (every 6 months to 18 months) by HCA each year through interviewing, certification, and reporting requirements. Federal rules also specify what types of foods SNAP benefits can be used to purchase.

Under federal rules, SNAP is intended to supplement, rather than fully fund, a household’s estimated monthly food costs.

The federal government calculates SNAP benefit amounts by estimating the cost of a basic food-budget, assuming households will spend 30 percent of their own income on food, and then funding the remaining gap. SNAP essentially works like a sliding-scale grocery subsidy. The federal government assumes households’ food needs should include a variety of proteins, fruits, dairy, grains, and some other miscellaneous foods. The federal government estimates what it should cost a household to buy a basic but reasonably healthy set of groceries each month (called the Thrifty Food Plan). The federal government then assumes households will pay about 30 percent of their own monthly income (after deductions for certain expenses such as utilities and healthcare) on food. SNAP then covers the rest. Therefore, if a household has little or no income, SNAP pays almost the full estimated grocery costs of the household. As a household earns more money, SNAP benefits gradually shrink. Larger households qualify for more benefits, because food costs more for more people. The formula is the same across all states because it is set by the federal government. In New Mexico, a family of three can generally qualify if they make up to about \$53 thousand per year, and the average SNAP benefit for a family of three is about \$765 per month (\$9.4 thousand annually).

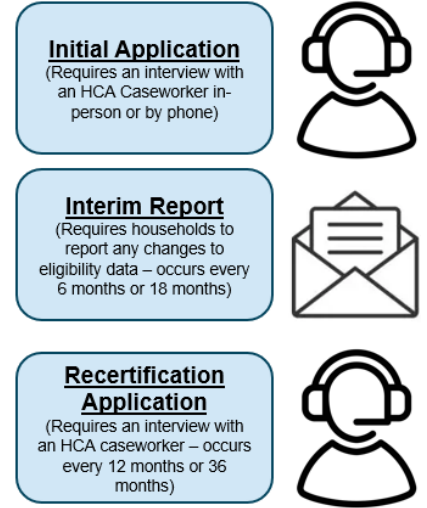
Figure 5. Example Worksheet for Calculating a Household’s Monthly SNAP Benefit Amount.



Source: Massachusetts Department of Transitional Assistance.

SNAP eligibility is not a one-time decision but an ongoing process in which SNAP households are required to update their information, and the state regularly reviews eligibility. When a household applies for SNAP, an HCA caseworker must interview the applicant (either in-person or by phone) and also review application information about the household’s income, household composition, and other eligibility factors. After a household’s initial application is approved, the household is certified as SNAP eligible for a period of time. Federal rules allow states to set certification periods of up to 12 months for most households and up to 36 months for certain households with elderly (age 60 or above) or disabled members. Although states can choose shorter SNAP certification periods, New Mexico certifies SNAP households for the maximum allowable timeframes (12 months generally or 36 months for households with elderly or disabled members). Mid-way through a household’s certification period (every six months or 18 months), SNAP households are required to complete an Interim Report form reporting any changes to their eligibility information. At the end of a household’s SNAP certification period, the household must complete a full recertification application and interview with a caseworker to continue receiving benefits. Caseworker interviews with SNAP applicants are typically 30 minutes.

Figure 6. Types of State Reviews of a Household’s SNAP Eligibility

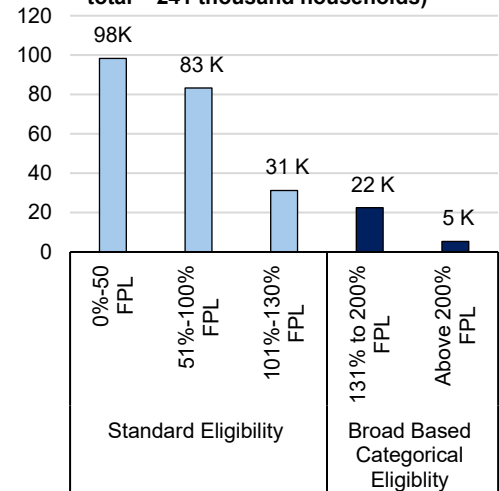


Note: Households with members age 60+ or with a disability are certified for SNAP benefits for 36 months rather than the standard 12 months.

Source: LFC review of HCA information.

The vast majority (88 percent) of New Mexico SNAP households have incomes below standard eligibility thresholds; the state’s adoption of a federal policy option called Broad Based Categorical Eligibility expands eligibility to some higher income households. In January 2026, 241 thousand New Mexico households participated in SNAP. Of those 241 thousand households, 88 percent (or 212 thousand households) had incomes below the standard SNAP eligibility limit of 130 percent of the federal poverty level (or \$34 thousand for a family of three). Many SNAP households (98 thousand households or 41 percent of all SNAP households) had incomes below 50 percent of the federal poverty level which equates to an income below \$13 thousand for a family of three. Although most of the state’s SNAP households have gross incomes below the standard eligibility threshold, New Mexico has opted into a federally allowable policy option for SNAP called Broad Based Categorical Eligibility which allows states to raise the gross income threshold for SNAP up to 200 percent of the federal poverty level (or \$53 thousand for a family of three) and eliminate asset limits for eligibility. Households with gross incomes above 200 percent of the federal poverty level can still qualify for SNAP if they have an elderly or disabled person at home and a net income (after income deductions for medical and shelter costs) below 100 percent of the federal poverty level. New Mexico’s adoption of Broad Based Categorical Eligibility allows an additional 27 thousand households (11 percent of total households) with gross incomes above standard eligibility thresholds to qualify for SNAP. As of August 2025, 43 states had some form of Broad Based Categorical Eligibility.

Chart 5. New Mexico SNAP Households by Income Eligibility Threshold, Jan. 2026
(in thousands, total = 241 thousand households)



Notes: FPL means federal poverty level. Some households with elderly or disabled persons can qualify for SNAP with gross incomes above 200% of the FPL if their net income (after medical and shelter deductions) is below 100% of the FPL.

Source: LFC analysis of HCA data.

New Mexico households receiving SNAP benefits are more likely to be a single-parent household, from a racial or ethnic minority background, or have a person with a disability than households not

receiving SNAP benefits. U.S. Census Bureau population data indicate that New Mexico households receiving SNAP benefits have different demographic profiles than New Mexico households not receiving SNAP benefits. In 2024 (latest data available), single-parent households were a higher proportion of SNAP households (27 percent) than non-SNAP households (8 percent). Seventy-three percent of SNAP households were from a racial or ethnic minority background, while 53 percent of non-SNAP households were from a racial or ethnic minority background. Additionally, a higher proportion of SNAP households had at least one person with a disability (49 percent) than non-SNAP households (29 percent). The median household income of SNAP households was substantially lower (\$30 thousand) than that of non-SNAP households (\$77 thousand) in the same year.

Federal rules specify what kinds of foods SNAP benefits can and cannot be used to purchase. According to the USDA guidelines, SNAP benefits can be used to purchase most household food items, including fruits and vegetables, meat, poultry, seafood, dairy products, breads and cereals, and non-alcoholic beverages, essentially any item carrying a Nutrition Facts label intended for home consumption. However, SNAP benefits cannot be used to buy hot or prepared foods ready for immediate consumption, alcoholic beverages, tobacco, vitamins and supplements, hygiene items and cosmetics, or non-food household products.

While the U.S. Department of Agriculture oversees SNAP nationally, the Health Care Authority (HCA) administers SNAP in New Mexico.

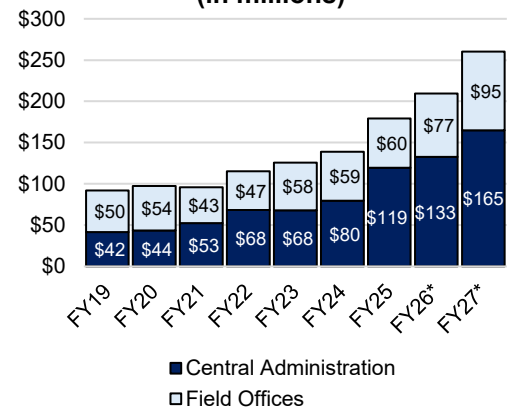
In New Mexico, the Health Care Authority (HCA) Income Support Division is responsible for administering public assistance programs, including SNAP and Medicaid. Program administration includes application processing, case management, issuing benefits, and ensuring program compliance under state law and regulations (Section 9-8-1 NMSA 1978 and NMAC Title 8, Chapter 139). Although the HCA Income Support Division has a total budget of \$1.5 billion, most of the division’s budget is for direct public assistance benefits rather than division operations. For example, 86 percent of the division’s total FY26 budget was for direct public assistance benefits and about 14 percent (\$209 million) was for division operations. The division’s operations have grown by 183 percent (\$168 million) over the past nine years from \$92 million in FY19 spending to a FY27 budget of \$260 million. Full-time equivalent (FTE) employee positions for the Income Support Division have expanded by 28 percent in recent years, or 256 full-time equivalent (FTE) employees, from 907 FTE in FY25 to 1,163 FTE in FY27. For FY27, the Legislature appropriated an additional \$51 million to the Income Support Division for over 100 additional FTE and technological upgrades. The vast majority, over 80 percent, of HCA Income Support Division employees are caseworkers.

Table 1. Income Eligibility Guidelines for SNAP, FFY26

Household Size	Federal Poverty Level (FPL) Yearly Income Standards		
	100% FPL Net income	130% FPL Gross Income	200% FPL Gross Income for Categorical Eligibility
1	\$15,660	\$20,352	\$31,320
2	\$21,156	\$27,504	\$42,312
3	\$26,652	\$34,656	\$53,304
4	\$32,160	\$41,796	\$64,320

Note: Data for all household sizes is in Appendix B.
Source: LFC review of USDA data.

Chart 6. HCA Income Support Division Operations (in millions)

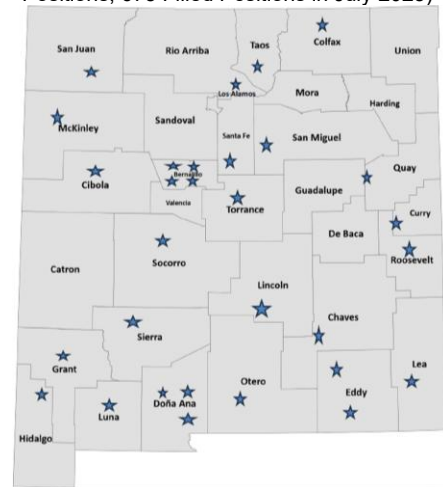


Note: FY27 and FY26 are budget data. All other data reflect spending actuals. FY27 budgeted division spending on field offices was unavailable and therefore based on the FY26 budgeted amount (37%).

Source: LFC analysis of SHARE data.

The HCA Income Support Division operates 34 field offices where hundreds of caseworkers (also called family assistance analysts) help households access SNAP and other public assistance benefits. The Income Support Division dedicated \$77 million to its field office operations, or roughly 34 percent of its FY26 operational budget of \$209 million. The remaining 63 percent of the Income Support Division’s operational budget (or \$132 million) was dedicated to central administration of SNAP and other programs, including program oversight, compliance monitoring, business operations, data reporting, and information technology. Detailed operating budget information is not yet available for FY27 but, if the same proportions as the FY26 budget are assumed, then \$95 million will be dedicated to field office operations and \$165 million for central administration in FY27.

Figure 7. HCA Income Support Division’s 34 Field Offices
(FY26 Budget: \$76.7 million; 831 Caseworker Positions, 675 Filled Positions in July 2025)



Source: HCA

The federal government recently made major changes to SNAP, requiring cost sharing from states with high payment error rates, shifting administrative costs to states, and increasing work requirements.

In 2025, Congress passed a budget reconciliation measure referred to as H.R. 1 (the first bill introduced in the U.S. House of Representatives during the 119th Congress) that made substantial changes to federal programs, including SNAP. H.R. 1 created major new financial and administrative challenges for SNAP in New Mexico. For the first time, New Mexico may have to pay a share of SNAP benefits with state dollars because of the state’s high payment error rate, while also covering a larger portion of administrative expenses. At the same time, expanded work requirements beginning in January 2026 could affect more than 55 thousand SNAP recipients, with over 20 thousand recipients at risk of losing benefits. Altogether, the changes from H.R. 1 increase pressure on New Mexico to improve SNAP eligibility accuracy, expand workforce connections, and support recipients in meeting expanded requirements.

H.R. 1 will require states with high SNAP payment error rates, including New Mexico, to cover a portion of their SNAP benefit costs, a significant departure from the program’s historical funding structure. Prior to H.R. 1, SNAP benefits were 100 percent federally funded regardless of a state’s payment error rate. Under the new cost-sharing structure, states with SNAP payment error rates below 6 percent will continue to receive full federal coverage of SNAP benefits. States with error rates between 6 and 8 percent will be required to pay for 5 percent of SNAP benefits, states with an error rate between 8 and 10 percent will be required to pay 10 percent of SNAP benefits, and states with an error rate above 10 percent will be required to cover 15 percent of SNAP benefits. Before the changes from H.R. 1, USDA only imposed a smaller standard SNAP financial liability onto states that had high payment error rates (exceeding 105 percent of the national error rate target) for two years in a row. USDA calculates this standard SNAP error rate liability by

SNAP Payment Error Rate
The payment error rate is a measure of how accurately a state agency awarded the correct amount of SNAP benefits to households. It is a measure of the accuracy of benefit amounts paid to households based on reviews of a random sample of SNAP cases. The error rate should not be considered as a direct measure of SNAP recipient fraud.

SNAP Recipient Fraud
SNAP recipient fraud occurs when an individual knowingly and willfully makes false statements, conceals material facts, or misrepresents their circumstances to unlawfully obtain government financial assistance to which they are not entitled.

multiplying the state’s SNAP benefits by a tenth of the difference between the state’s error rate that year and the target of 6 percent. In 2025, USDA imposed a standard financial liability of \$8.9 million onto New Mexico for its FFY24 error rate of 14.6 percent. States have the option of paying only half of the financial liability to the federal government if they invest the other half of the liability amount into new operational initiatives to reduce payment errors. For FY27, the Legislature provided HCA with a \$8.9 million special appropriation from the general fund to cover this FFY24 liability and fund system improvements and staff training to reduce errors.

H.R. 1 increased the proportion of SNAP administrative costs that states must pay from 50 percent to 75 percent, requiring New Mexico to absorb roughly an additional \$37 million per year in administrative expenses. Prior to H.R. 1, SNAP administrative costs were split equally between the federal government and the state. Under the new cost-sharing structure, which takes effect in FY27, the federal share drops to 25 percent while the state share rises to 75 percent. For FY27, HCA requested and the Legislature appropriated an additional \$37 million from the general fund to backfill federal revenue for SNAP administrative costs on a recurring basis.

HCA originally estimated expanded federal SNAP work requirements that began in January 2026 would affect more than 56 thousand New Mexico recipients. Although SNAP has included work requirements for decades, H.R. 1 made substantial changes to SNAP work requirements. SNAP requires able-bodied SNAP recipients ages 18-64 without dependents to document 80 hours per month of work, training, or volunteer activities to maintain eligibility. The recipients who do not meet or report these requirements and do not qualify for an exemption may lose benefits after three months, though eligibility can be restored once requirements are met. H.R. 1 expanded these requirements to people up to age 64 years old and also removed certain automatic work requirement exemptions, such as exemptions for veterans and people experiencing homelessness while still allowing people to qualify for other work requirement exemptions (such as having a physical disability). While federally mandated, these changes will require significant state and local outreach to ensure recipients understand the new rules and available exemptions. HCA initially estimated these changes would affect approximately 56 thousand New Mexicans and lead more than 20 thousand individuals to lose SNAP benefits. SNAP recipients decreased by about 29 thousand (or 6 percent) from 471 thousand recipients in January 2026 to 442 thousand recipients in March 2026. However, more recent estimates of H.R. 1 work requirement impacts are needed.

Previous LFC reports find enhancing workforce programs for public assistance participants is needed because of New Mexico’s consistently low labor force participation. New Mexico’s labor force participation rate was 57.8 percent in July 2025, trailing the national average by 5.4 percentage points, a gap that has persisted for decades despite state investments in workforce development. The 2025 LFC Policy Spotlight Report: *Stacking of Income Supports* identified evidence-based

Table 2. H.R. 1 Changes to Federal and State Cost Sharing of SNAP Benefits and Administration

SNAP Cost Type	Pre-H.R. 1 Cost Share	Post-H.R. 1 Cost Share
SNAP Benefits	100% federal funding	Dependent upon SNAP error rate: <ul style="list-style-type: none"> If error rate is below 6%, federal government pays 100% of benefits. If error rate is between 6% and 8%, the state pays 5% of benefits (\$58 million in NM). If error rate is between 8% and 10%, the state pays 10% of SNAP benefits (\$116 million in NM). If error rate is above 10%, a state must pay 15% of SNAP benefits (\$173 million in NM).
SNAP Admin.	50% federal funding, 50% state	25% federal 75% state (additional \$37 million)

Source: LFC review of H.R. 1 information.

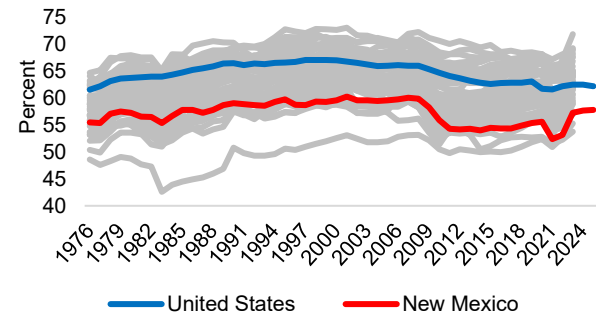
Table 3. Federal Work Requirement Changes Under H.R. 1 (Began January 2026)

Pre H.R. 1	Post H.R. 1
Work requirements applied to able bodied adults without dependents (ABAWDs) age 18–54	ABAWD age range expanded to 18–64.
Veterans, people experiencing homelessness, and former foster youth were categorically exempt.	These groups are no longer automatically exempt from work requirements.
Caregivers of dependents under 18 were generally exempt.	Tribal members and individuals caring for a dependent under 14 are newly exempt.
States could broadly waive requirements based on local conditions.	States have less power to waive requirements, limiting it to areas with unemployment over 10%.

Source: LFC review of HCA information.

interventions with strong returns, including case management for unemployed people (a \$17.20 return per dollar invested) and short-term certifications in high-demand fields, which have average post-certificate wage gains of over \$27 thousand annually. However, the 2024 LFC Program Evaluation: *Improving Workforce Participation* found the state’s Workforce Solutions Department remains overly reliant on underused brick-and-mortar workforce connection centers and has not adequately reached at-risk populations, leaving income support participants without consistent connections to higher-return training opportunities. With H.R. 1 expanding work requirements for adults ages 55 to 64 and the parents of children over age 14, the state’s workforce connection systems will need to improve their performance and effectiveness.

Chart 7. Labor Force Participation Rates For Ages 19-64, U.S. and New Mexico 1976-2025



Source: U.S. Bureau of Labor Statistics.

New Mexico has dedicated about \$216 million in state dollars to support SNAP households during recent federal funding disruptions and changes.

During the 2025 federal government shutdown, the governor and Legislature committed nearly \$193 million in emergency and contingency funding to ensure eligible households could continue receiving food assistance if federal SNAP benefits were suspended, including roughly \$28 million ultimately spent by the state without federal reimbursement. The Legislature also recently appropriated approximately \$23 million in FY26 and FY27 to supplement food assistance for seniors, people with disabilities, and certain immigrants excluded from SNAP eligibility.

Responding to the 2025 federal government shutdown, the governor issued \$30 million in state emergency funding and the Legislature authorized \$162.5 million in state contingency funding to provide assistance to SNAP households. During the fall of 2025, Congress was initially unable to pass appropriations legislation for FFY26. In October 2025, USDA announced that all SNAP benefits would be suspended if Congress could not pass appropriations legislation. At the end of October 2025, the governor issued \$30 million in state funding for emergency food assistance to New Mexico SNAP households for the first 10 days of November. The governor then called a special session to extend state-funded food benefits for SNAP eligible households. During that special session, the Legislature swept \$162.5 million from previous HCA appropriations and authorized the funds to provide food assistance to SNAP eligible households for up to eight weeks, contingent on any failure of the federal government to provide full SNAP benefits (Laws 2025, Second Special Session, Chapter 1). On November 12, 2025, the federal government enacted appropriations legislation for FFY26, including SNAP benefits. Roughly \$28 million of state emergency food assistance was spent, according to HCA general ledger data.

Table 4. State Funding Recently Dedicated to Supplementing SNAP in FY26 and FY27 (in millions)

Category	Funding Amount
Contingency Funding	\$162.5
Emergency Orders	\$30.0
Funding for Lawfully Present Residents	\$12.0
Funding for Seniors and People with Disabilities	\$11.2
Total	\$215.7

Source: LFC files.

New Mexico has not been reimbursed for providing roughly \$28 million in state funding for food assistance in lieu of federal funding during the 2025 federal government shutdown. In November 2025, USDA wrote to states that “there is no provision or allowance under current law for states to cover the cost of benefits and be reimbursed.” In December 2025, New Mexico’s congressional delegation sent a letter to USDA and the Office of Management and Budget (OMB) arguing that the “*Continuing Appropriations, Agriculture, Legislative Branch, Military Construction and Veterans Affairs, and Extensions Act* includes explicit language under Section 118 authorizing reimbursement to states that used their own funds to cover programs ‘that would have been paid’ by the federal government during the shutdown.”

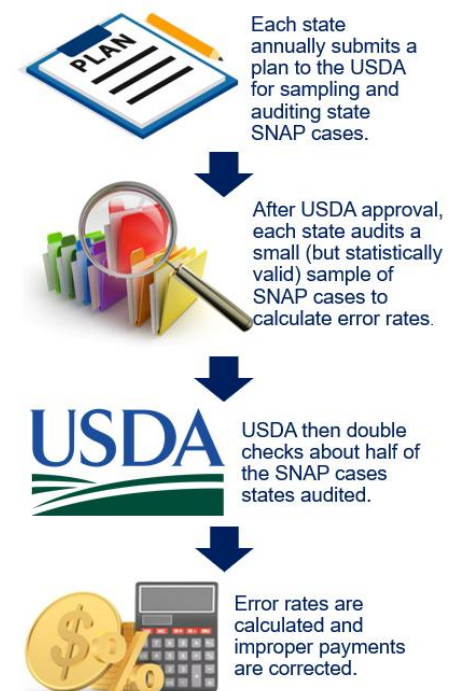
New Mexico has not been reimbursed for providing roughly \$28 million in state funding for SNAP benefits in lieu of federal funding during the 2025 federal government shutdown.

The Legislature recently appropriated roughly \$23 million in state funding for FY26 and FY27 to supplement SNAP benefits for people who are either elderly or have a disability or who are immigrants newly excluded from the program. During the first special session of 2025, the Legislature appropriated \$4.6 million to augment SNAP benefits for seniors and people with disabilities and \$12 million to provide food assistance benefits to lawfully present residents in FY26 and FY27 (Laws 2025, First Special Session, Chapter 2, House Bill 1). The state funding ensures seniors and people with disabilities receive at least a monthly benefit of \$100 per month (about 24 thousand households per month received this supplement in FY25). The \$12 million for lawfully present residents will provide benefits to immigrants who lose eligibility under the H.R. 1 with a onetime lump sum of \$540 per person. During the 2026 regular session, the Legislature appropriated an additional \$6.6 million in state funding to supplement SNAP benefits for seniors and people with disabilities. In FY26, the state funded a total of \$71 million for various food initiatives including SNAP supplements, school meals, and food banks.

Federal law requires a process for auditing samples of SNAP cases and calculating state payment error rates.

A state’s SNAP payment error rate is the percent of the state’s total reviewed SNAP payments that were paid to households in incorrect amounts. Every year, to calculate SNAP payment error rates, each state audits a sample of their active cases for payment errors and then the USDA double checks a selection of those cases. The purpose of this auditing process is to extrapolate a state’s total payment error rate based on a random sample of SNAP payments. USDA requires every state to provide an annual SNAP case sampling and methodology plan for auditing a selection of SNAP cases for payment accuracy and errors. After USDA approves these plans, states and the USDA conduct a two-tiered quality control process for auditing SNAP cases and then calculating SNAP payment error rates. First, states conduct monthly audits of a small (but still statistically valid) sample of SNAP cases to calculate the percentage of sampled SNAP payments made incorrectly. Each state samples and audits roughly 1,000 SNAP cases per

Figure 8. Annual Process for Auditing SNAP Cases and Calculating Payment Error Rates



Source: LFC.

year, meaning states collectively sample and audit about 50 thousand SNAP cases nationally for payment accuracy each year. After states calculate their own SNAP payment error rates for the year, USDA will then select a sub-sample of each state’s sampled SNAP cases to double check for accuracy. USDA double checks about 25 thousand SNAP cases each year. After USDA conducts reviews of states’ samples, USDA will finalize states’ SNAP payment error rates and publish a nationwide payment error rate.ⁱⁱ

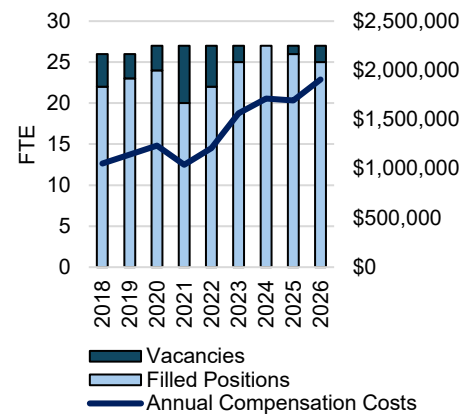
HCA randomly samples and audits about 1,020 active SNAP cases each year, roughly 85 SNAP cases per month, for payment errors. Federal regulations require any state with more than 60 thousand active SNAP cases to sample and audit a minimum of at least 2,400 SNAP cases each year for payment errors. However, federal regulations also allow a state to choose a lower minimum annual sample size of 1,020 cases if the state agrees not to challenge the accuracy of its payment error rate based on having a small sample size. New Mexico opts for a smaller minimum sample size of 1,020 active cases (or 0.4 percent of the state’s average SNAP caseload). A randomly selected sample of 1,020 cases is still large enough to be statistically significant and extrapolate patterns for the state’s overall number of SNAP cases (253 thousand cases in FFY25).

HCA has a quality assurance office to review the accuracy and compliance of SNAP and other public assistance programs. The quality assurance office conducts the federally mandated annual case sampling and auditing of SNAP cases per month to assess payment accuracy. Beyond SNAP, the office also monitors compliance across other public assistance programs, including Medicaid, reviewing eligibility determinations and benefit calculations. According to State Personnel Office data, the office has operated with between 20 and 27 filled positions since 2018.

New Mexico has made progress on SNAP application timeliness, but the SNAP error rate worsened over the past decade.

HCA has operated under long-standing federal court oversight related to application processing requirements, with a recent court directive to bring the case to a close. Application processing timeliness—after a sharp decline from 2022 to early 2024 due to efforts to address backlogs—has recovered to consistently meet federal standards. A decade ago, LFC staff conducted a special review (that included examining the SNAP error rate) which flagged that the SNAP error rate had risen over the past four years (FFY12-FFY15) to almost twice the national average. The special review noted the SNAP error rate needed improvement and carried financial risk for the state. However, New Mexico’s SNAP payment error rate continued to rise over the past decade, increasing from a low of 3.7 percent in FFY12 to a preliminary 16.6 percent in FFY25 and ranking among the highest in the nation. These trends highlight the ongoing challenge of balancing the

Chart 8. HCA Quality Assessment Office Staffing and Compensation Costs, 2018–2026



Note: Data comes from July each year except for 2026 which comes from April. Source: LFC analysis of SPO data.

timely processing of benefits with accurate SNAP eligibility determinations and payments.

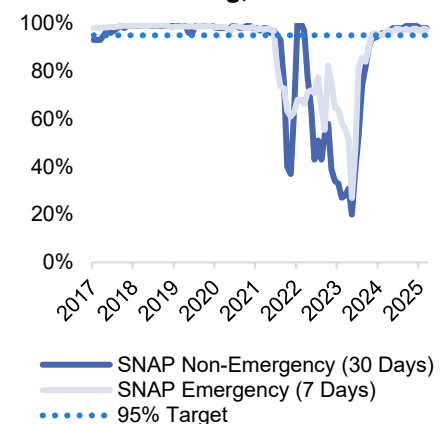
For decades, HCA has operated under a still-ongoing federal class action consent decree requiring the department to process SNAP and Medicaid applications in a timely manner; a federal court ruled in 2020 that HCA had complied with the timeliness requirements of the consent decree. The lawsuit of *Hatten-Gonzales v. Human Services Department* (now *Knowlton v. Health Care Authority*) is an ongoing federal class action lawsuit, originally filed in 1988, alleging the state failed to process public assistance applications, primarily SNAP and Medicaid, in a timely manner. Specifically, the plaintiffs claimed HCA failed to make prompt eligibility decisions by not providing timely notifications to applicants, not always checking if SNAP applicants were eligible for expedited benefits, not fully informing applicants, and imposing inconsistent and excessive verification requirements. In 1990, HCA and the plaintiffs first entered into a court-ordered consent decree wherein HCA agreed to reform its application processes to meet federal timeliness standards and plaintiffs were involved in checking compliance through periodic case reviews. HCA agreed to standardize its application processing practices statewide and place limitations on certain verification requirements (such as not requiring applicants to provide documentation for data that could be readily verified through government datasets). The consent decree has been modified multiple times to update compliance requirements, most recently in 2018. In 2020, a federal court ruled HCA fully complied with the application timeliness requirement of the consent decree (by maintaining a 96 percent monthly timeliness rate statewide for 6 consecutive months). Although the federal court removed the timeliness metric requirement from the consent decree, the Court maintains oversight of the case. In February 2026, the Court noted that federal consent decrees “do not justify never-ending litigation and federal oversight of state agencies,” admonished both parties to work together, and ordered that the case be concluded no later than December 31, 2026.

New Mexico’s SNAP application processing timeliness fell dramatically from 2022 through early 2024 as the department shifted workforce resources to address a backlog of cases, but has since recovered to meet the 95 percent federal benchmark. Federal regulations require states to process non-emergency SNAP applications within 30 days and emergency (expedited) applications within seven days, with a federal benchmark of 95 percent timeliness. From October 2017 through early 2022, HCA consistently met or exceeded this benchmark, with non-emergency timeliness ranging from 96 percent to 99 percent and emergency timeliness from 97 percent to 99 percent. This sustained performance contributed to a 2020 federal court ruling that HCA had fully complied with the Hatten-Gonzales consent decree's application-timeliness requirement. Beginning in mid-2022, timeliness rates declined sharply as HCA redirected staff to address a growing backlog of pending applications and recertifications driven in part by the post-pandemic unwinding of federal flexibilities. Non-emergency timeliness fell to as low as 20 percent

Case Study: An Application Prompted Litigation and State Corrective Actions.

In 1988, Debra Hatten-Gonzales, a single mother and janitor whose monthly income dropped from \$800 to \$50, applied for food stamps (now called SNAP), Medicaid, and cash assistance at a state Human Services Department (now HCA) field office in Santa Fe. A caseworker said she needed more documentation but did not tell Hatten-Gonzales she was eligible for expedited emergency food benefits within four days without extra verification. Weeks passed without additional help. Over a month later, Hatten-Gonzales, a diabetic, was hospitalized after going without insulin and heart medication. In March 1988, the case of *Hatten-Gonzales v. Human Services Department* was filed in federal court. The case resulted in a federal consent decree requiring the state to meet federal benchmarks for timely application processing, standardize application processing practices across field offices, properly train staff, prevent wrongful application denials, and notify applicants about their eligibility for emergency expedited benefits.

Chart 9. New Mexico SNAP Application Timeliness Rates: Non-Emergency and Expedited Processing, 2017–2025



Source: LFC analysis of HCA data.

and emergency timeliness to 27 percent by February 2024. Starting around March 2024, timeliness began to recover. From late 2024 through December 2025, the department sustained non-emergency timeliness at 96 percent to 99 percent and emergency timeliness at 95 percent to 98 percent. New Mexico’s trends in SNAP application timeliness and payment error rates underscore the ongoing need to balance processing speed with accuracy. HCA caseworker training materials suggest a particular emphasis on timeliness, access, and that caseworkers be “eligibility workers, not ineligibility workers.”

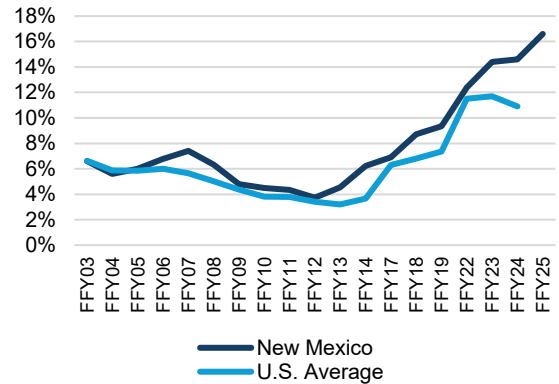
New Mexico’s SNAP payment error rate has been consistently rising each year since FFY12 and is currently fifth worst in the nation. From FFY03 through FFY11, New Mexico’s SNAP payment error rate used to be much lower and averaged around 5.8 percent. In FFY12, New Mexico’s error rate reached its lowest point since FFY03 at 3.7 percent and was only slightly above the national average payment error rate of 3.4 percent. Since FFY12, New Mexico’s SNAP payment error rate has been steadily increasing each year to its recent record high of around 16.6 percent in FFY25. New Mexico’s FFY24 payment error rate of 14.6 percent was the fifth highest in the nation and substantially higher than the national average SNAP payment error rate of 10.9 percent. The national SNAP payment error rate significantly increased from FFY14 through FFY22, began to plateau in FFY23, and then decreased in FFY24. The national SNAP payment error rate increased as the dollar amount threshold for counting SNAP errors (i.e. the dollar amount a payment error needs to be before being counted in an audit) was lowered from \$50 to around \$37, from FFY14 through FFY21, and then the national error rate plateaued and then fell as the dollar amount threshold for counting SNAP errors has been raised each year since FFY22 to \$58 currently. Even as the national error rate fell in recent years, New Mexico’s error rate still continued to increase. These data indicate New Mexico’s SNAP payment error rate is not just a recent phenomenon but has been steadily getting worse for more than a decade. A previous LFC report, *Special Review on the Financial Impact of Hatten-Gonzales Lawsuit*, warned in 2016 that New Mexico’s SNAP payment error rate was beginning to rise to almost twice the national average.

Figure 9. Slide from HCA Caseworker Training Materials



Source: HCA SNAP Caseworker Training Materials.

Chart 10. SNAP Payment Error Rates for New Mexico and the U.S., FFY03-FFY25



Notes: The dollar amount threshold for counting SNAP errors was lowered from \$50 to around \$37 from FFY14 through FFY21 and then was raised each year starting in FFY22. SNAP error rates were not published in FY15 or FY16 because of national data issues nor in FY20 and FY21 because of the Covid-19 pandemic. The FFY25 error rate for New Mexico is preliminary and is still awaiting finalization by the USDA.

Source: LFC analysis of HCA and USDA data.

HCA should enhance data verification and field office performance to improve accuracy and avoid up to \$173 million in annual cost-share increases

New Mexico’s high SNAP payment error rate could eventually require the state to backfill up to \$173 million in lost federal funding, increasing pressure on the state budget and potentially diverting funding away from other priorities. Payment errors primarily result from overpayments tied to inaccurate household information, administrative mistakes, and weaknesses in case management, training, and oversight. Improving payment accuracy will require stronger performance monitoring and staff training, proactive case reviews, enhanced verification of self-reported information, and continued expansion into technology modernization and automation. Although more frequent recertification interviews could modestly reduce errors, they would also increase administrative burdens and reduce participation among eligible households.

New Mexico may need to backfill up to \$173 million in lost federal revenue for SNAP benefits because of the state’s high error rate, diverting potential state funding away from other budget priorities.

HCA data indicate New Mexico’s SNAP payment error rate will likely rise 2 percentage points in FFY25, pending final USDA review. While the state’s high error rate temporarily delays federal SNAP cost-sharing requirements under federal legislation, New Mexico will face up to \$173 million in new annual costs if payment accuracy does not improve. These potential fiscal impacts increase the importance of reducing SNAP payment errors to help preserve funding for other state areas of the state budget such as education, healthcare, public safety, and economic development.

HCA preliminary data indicates New Mexico’s SNAP payment error rate for FFY25 will likely increase to 16.6 percent. New Mexico’s preliminary payment error rate for FFY25 still needs to be confirmed and finalized by the USDA. However, past data suggests USDA’s review of the preliminary data is unlikely to substantially change the overall error rate. Last year, after USDA review, New Mexico’s SNAP payment error rate changed from a preliminary error rate of 14.5 percent to a final error rate of 14.6 percent for FFY24. New Mexico’s final SNAP payment error rate for FFY25 will likely be around the preliminary 16.6 percent, a 2 percentage point increase from FFY24.

Figure 10. Preliminary FFY25 SNAP Payment Error Rate



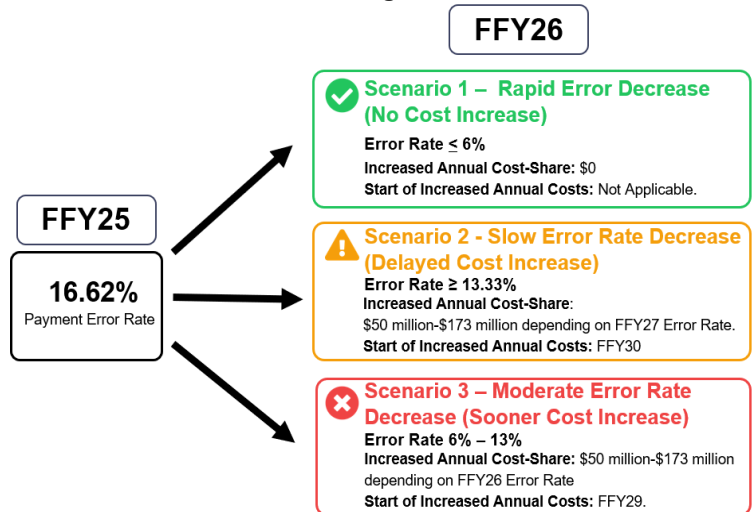
Source: HCA SNAP Performance Report
September 2025. p.3.

Most states with FFY25 payment error rates above 6 percent will have to pay for a portion of their SNAP benefits in FFY28, but the states with the highest error rates (including New Mexico) will be given extra time to lower their error rate.

The majority of states with FFY25 SNAP payment error rates above 6 percent will be required to begin paying for a portion of SNAP benefits with state dollars in FFY28; however, Congress created an exception that gives states with error rates above 13.33 percent additional time to reduce errors before benefit cost sharing begins. Ten states (including New Mexico) qualified for the delayed cost sharing of benefits based on their high FFY24 error rates: Alaska, Florida, Georgia, Maryland, Massachusetts, New Jersey, New Mexico, New York, Oregon, and the District of Columbia. New Mexico's preliminary FFY25 SNAP payment error rate of 16.6 percent is high enough to qualify for this exception, meaning New Mexico will not have an increased cost share in FFY28. Instead, the soonest New Mexico could have to pay an increased cost share would be FFY29 based on its FFY26 error rate.

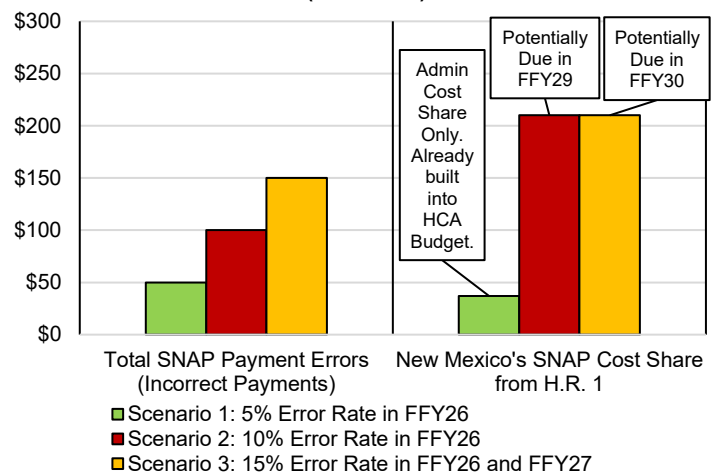
The state may need to backfill more federal revenue than the state's total amount of incorrect SNAP payments. Depending on New Mexico's future error rate, the state may end up owing between 5 percent to 15 percent of around \$1.1 billion in annual SNAP benefits (an estimated \$50 million to \$173 million per year). If the state's cumulative FFY26 payment error rate falls below 6 percent (a rapid error decrease scenario), New Mexico would not need to pay for any portion of SNAP benefits in FFY29. If the state's FFY26 error rate again remains above 13.33 percent (a slow error rate decrease scenario), New Mexico would receive one last delay and have until the end of FFY27 to lower its error rate or else pay increased SNAP costs in FFY30. If the state's FFY26 payment error rate falls between 6 percent and 13.33 percent (a moderate error rate decrease scenario), New Mexico would not get an additional delay and would need to pay an additional cost-share in FFY29. New Mexico's FFY26 SNAP cases are currently being sampled and audited each month.

Figure 11. New Mexico FFY26 SNAP Error Rate Cost Sharing Scenarios



Source: LFC files.

Chart 11. In Some Scenarios, New Mexico's SNAP Cost Share From H.R. 1 Will Exceed its Total SNAP Errors (in millions)



Note: The total cost share in Scenarios 2 and 3 include \$37 million in SNAP administrative costs and \$173 million in additional cost sharing for SNAP benefits. Scenario 1 does not require a SNAP benefits cost share.

Source: LFC files.

New Mexico’s total cost share for SNAP required by H.R. 1 could equal up to \$210 million (\$173 million in shared costs for SNAP benefits and \$37 million for shared SNAP administrative costs). This potential cost sharing for the state could exceed New Mexico’s total amount of incorrect SNAP payments in some scenarios. For example, New Mexico’s total amount of estimated incorrect SNAP payments for FFY25 is 16.6 percent which equates to \$166 million in total incorrectly paid benefits. In other words, the federal government may potentially impose higher costs on the state than the state’s payment errors.

If the state has to divert hundreds of millions in state dollars to backfill lost federal SNAP revenue, the Legislature will have to make difficult tradeoffs with other budget priorities. New Mexico’s potential cost-sharing liabilities from H.R. 1 represents a significant opportunity cost for the state. Every dollar the state has to use to replace lost federal SNAP revenue is a dollar that can no longer be used for other state budget priorities such as education, healthcare, public safety, or economic development. This potential opportunity cost for the state makes it necessary to identify the causes of payment errors and implement strategies to reduce those errors.

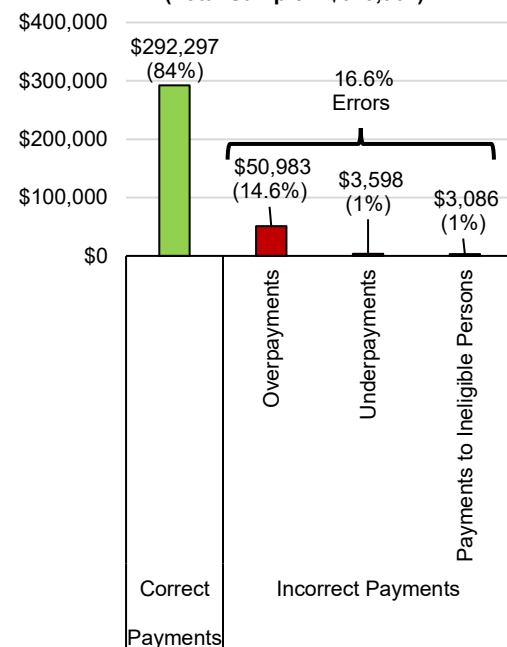
Every dollar the state has to use to replace lost federal SNAP revenue is a dollar that can no longer be used for other state budget priorities such as education or healthcare.

New Mexico SNAP payment errors are primarily overpayments from inaccurate, incomplete, or outdated information on household income, family size, and income deductions.

New Mexico’s SNAP payment errors are primarily overpayments to recipients and remain above the national average. SNAP errors in New Mexico and nationally most often involve wages and salaries, household composition, and deductions for expenses such as shelter costs. These errors are commonly caused by incomplete or inaccurate information from recipients, agency verification and processing mistakes, and computer or data-entry errors. Although pandemic-era policy waivers contributed to rising error rates, New Mexico’s error rate continued increasing even after those policies ended, suggesting broader ongoing administrative challenges in case management and program oversight.

New Mexico’s SNAP payment errors are primarily overpayments to recipients. For FFY25, HCA’s quality assurance office sampled and audited 1,016 active SNAP cases. Of the \$350 thousand in reviewed SNAP payments from these audited cases, HCA identified 224 cases with payment errors equating to \$58 thousand (or 16.6 percent of the total audited SNAP payments). Of the \$58 thousand in identified payment errors, the majority of those incorrect payments (\$51 thousand or 88 percent) were overpayments to recipients. Roughly \$3.6 thousand (or 6 percent) of the identified incorrect payments were underpayments and \$3 thousand (5 percent) were payments to recipients who ultimately ended up not being eligible with corrected information.

Chart 12. Preliminary FFY25 Results of New Mexico's Sampled SNAP Payments
(Total Sample = \$349,964)



Source: LFC review of HCA data.

The majority of New Mexico's SNAP errors involve information about household income, household composition, or income deductions for shelter costs.

Inaccurate information about wages and salaries accounted for the largest share of the state's SNAP payment errors in FFY25, representing 33 percent (\$20.7 thousand) of the total identified payment errors. These errors can occur when a recipient starts a new job, receives a raise, works more hours, or regularly earns overtime pay but does not report the change to HCA, resulting in SNAP benefits being calculated based on incomplete, outdated, or inaccurate income information. Household composition errors were the second-largest category of errors, representing 18 percent (\$16.2 thousand) of identified incorrect payments. Household composition errors can arise when someone with income moves into the household without being reported, or when a household member moves out, and the SNAP case is not updated. Errors about income deductions for shelter costs accounted for 17 percent (\$4,736) of incorrect payments. Errors about income deductions for shelter costs can occur if a SNAP recipient provides incomplete or inaccurate data about monthly rental or utility costs. Together, these three error categories account for over two-thirds of identified incorrect payments. Reducing these types of errors would significantly improve the state's payment accuracy.

Table 5. Top Three Categories of SNAP Payment Errors, FFY25

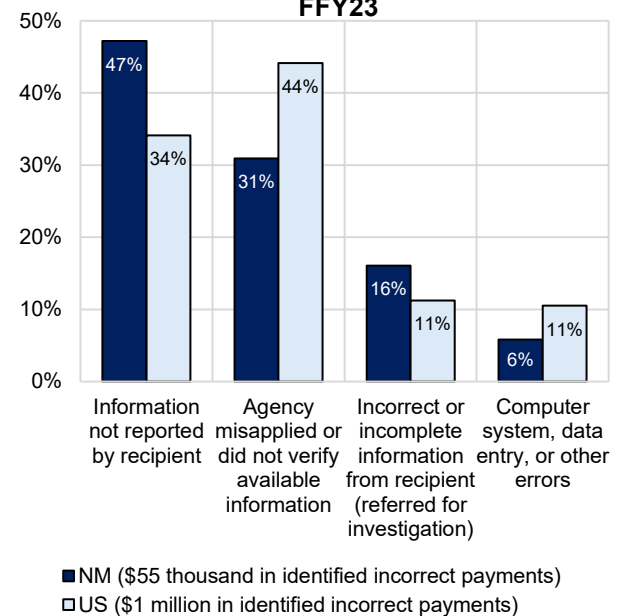
Error Category	Percent of FFY25 Payment Errors	Example Scenario
Wages and Salaries	33.0%	A recipient begins a new job, a second job, or picks up overtime but does not report it to HCA, so benefits are based on the initial, lower income.
Household Composition	18.3%	An adult with income moves in but isn't reported to HCA, leading to incorrect benefit calculations.
Income Deductions for Shelter Costs	16.5%	A recipient includes security deposit or late fee costs when reporting their monthly rental costs.

Source: HCA

LFC analysis suggests SNAP payment errors occur nationally and in New Mexico because of incomplete or inaccurate information from recipients, agencies incorrectly applying or checking information, or computer and computational errors.

LFC staff analyzed HCA data and national FFY23 data (latest data available as of mid-May 2026) from a federal SNAP quality control database. In FFY23, SNAP quality control audits across the country identified about \$1 million in payment errors and New Mexico SNAP quality control audits found about \$55 thousand in payment errors. Nationally and in New Mexico, SNAP payment errors were most often about data related to wages and salaries, household composition, and income deductions for certain expenses (such as shelter costs). Payment errors commonly related to unreported sources of income, deductions being included that should not have been included, and more income being received than budgeted. Recipients not providing complete, accurate, or up-to-date information was the top reason for errors in both New Mexico (63 percent of incorrect payments) and the U.S. (45 percent of errors), which includes a smaller proportion of SNAP payment errors agencies referred for further investigation. Agencies misapplying correct information or failing to check available information was another major category of payment errors both in New Mexico and nationally. Computer system errors, data entry mistakes, and other errors were also reasons for SNAP payment errors. Altogether these data indicate HCA and other state SNAP agencies across the country have work to do in

Chart 13. Percent of Incorrect SNAP Payments by Reasons for Error, FFY23

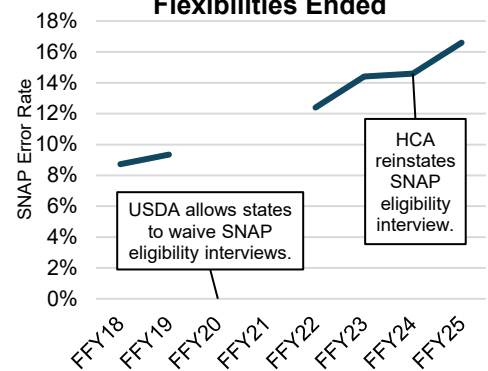


Source: LFC analysis of HCA and USDA SNAP Quality Control data.

managing SNAP cases, training caseworkers, and ensuring recipients adequately understand SNAP’s complex eligibility and reporting requirements.

Although pandemic-era policies contributed to the state’s SNAP errors, New Mexico’s error rate continued to increase after those policies ended. During the Covid-19 pandemic, HCA implemented several pandemic-era policies that eased standard program-integrity safeguards, including waivers of interview requirements for SNAP applicants and renewals. Additionally, interim reporting requirements (which normally allow the agency to detect and correct mid-certification changes in household circumstances) were suspended, reducing opportunities to identify and prevent erroneous payments before they occurred. HCA reports Covid-related waivers contributed to the state’s payment error rate by 2.5 percentage points in FFY22 and 3.2 percentage points in FFY23, suggesting pandemic-era waivers (such as extended certification periods and waived in-person interviews) contributed to the state’s high error rate. However, the proportion of SNAP errors attributed to Covid-19 policies in HCA’s analysis fell considerably in recent years, dropping from 76 percent (or 130 error cases out of 171 error cases) in FFY22 to just 34 percent (or 71 cases out of 210 error cases) in FFY24. Over the same timeframe, New Mexico’s overall payment error rate continued to climb to 14.6 percent, well above the national average of 10.9 percent. With the national emergency ending in May 2023 and pandemic waivers substantially unwound by September 2024, the widening gap between New Mexico and the national average points to persistent administrative challenges beyond the pandemic’s direct effects.

Chart 14. New Mexico’s SNAP Error Rate Increased Even After Covid-19 SNAP Flexibilities Ended



Note: SNAP error rates were not calculated nationally in FY20 and FY21 due to the Covid-19 pandemic.
Source: LFC analysis of HCA and USDA data.

High caseloads do not drive SNAP error rates, even as the Legislature provided an additional \$51 million for more staff and technology upgrades to mitigate caseloads.

For FY27, the Legislature appropriated an additional \$51 million in recurring funding for HCA staffing, contract support, and technology upgrades intended to improve SNAP processing accuracy and timeliness. However, despite declining caseloads and increased staffing since the Covid-19 pandemic, SNAP payment error rates continued to rise. Internal HCA reviews show wide variation in payment accuracy across field offices that is not explained by caseload size alone, with recurring problems tied to staff training, documentation, and eligibility procedures. LFC analysis also found some field offices generated disproportionately high payment errors relative to their share of SNAP cases, highlighting the need for better performance tracking and an opportunity for targeted corrective actions.

For FY27, the Legislature appropriated an additional \$51 million in recurring funds to the HCA Income Support Division for staffing and technology upgrades to quickly and accurately process cases.

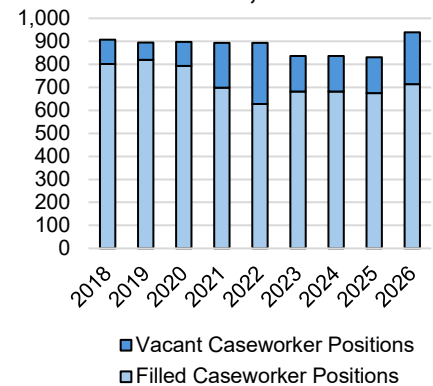
Program Evaluation: SNAP Administration and Performance

Specifically, the Legislature increased the Income Support Division’s recurring personnel funding by \$8.3 million for over 100 additional full time employees and contractual services funding by \$42.4 million for additional contract staff and IT upgrades.¹ HCA’s FY27 budget request letter reported that additional staffing and contract funding were needed for the timely and accurate processing of benefits while handling caseload surges and implementing federal policy changes.

Caseloads have decreased by 22 percent after peaking during the Covid-19 pandemic and filled caseworker positions have increased by 14 percent, yet the error rate increased. HCA lost 192 caseworker employees from July 2019 to July 2022 during the Covid-19 pandemic. Over this timeframe, caseloads increased and reached a recent peak of 1,963 cases per caseworker in 2022.² Since 2022, the number of caseworkers working at HCA has increased by 14 percent (or 86 caseworkers) from around 628 caseworkers in July 2022 to 714 caseworkers in March 2026. Additionally, the statewide number of SNAP, Medicaid, TANF, and general assistance cases decreased by 11 percent (139 thousand cases) from 1.2 million cases to around 1.1 million cases. As staffing increased and the number of cases decreased, the average caseload decreased by 22 percent (431 cases) from 1,963 cases in 2022 to 1,533 cases in early 2026. New Mexico’s error rate still increased even as staffing increased and caseloads decreased over this timeframe, which suggests staffing and caseloads are not the primary drivers of payment accuracy.

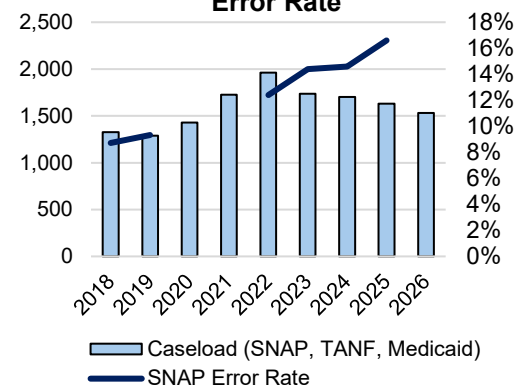
SNAP error rates and accuracy vary significantly across regional field offices in ways not associated with average caseloads, according to internal HCA reviews of field offices. HCA conducts periodic compliance reviews (called management and evaluation reports) of its regional field offices which include assessments of SNAP payment accuracy, caseload statistics, and case review findings. LFC staff compiled the most recent staffing and payment error rate data from the latest completed compliance report for each office from FY23, FY24, and FY25. HCA internally reviews all field offices on a three-year cycle, so not every office is reviewed annually. The compiled data from these internal HCA reports reveals that regional field offices vary widely in their SNAP payment error rates, ranging from below 6 percent at some field offices to over 34 percent at other offices.

Chart 15. HCA Caseworker Positions, 2018-2026



Note: Each year shows July data except 2026 which reflects March data.
Source: LFC analysis of State Personnel Office (SPO) and HCA data.

Chart 16. HCA Average Cases per Caseworker and SNAP Error Rate

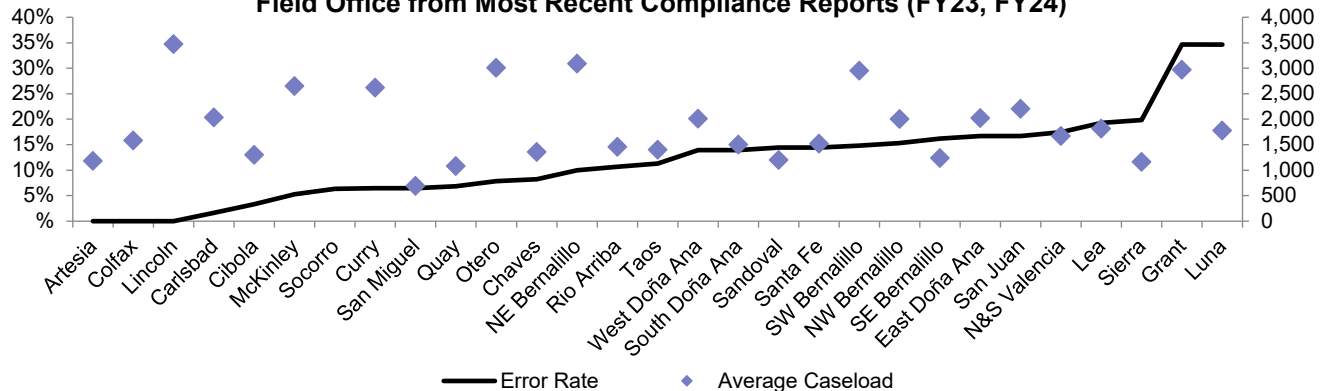


Note: Each year shows July caseload data except 2026 which reflects February and March data (latest available data for FTE and caseloads).
Source: LFC analysis of SPO and HCA data.

¹ HCA has a current contract with Deloitte Consulting for \$142 million from FY24 through FY27 to operate HCA’s Automated System and Program Eligibility Network (ASPEN), which is the state’s integrated IT eligibility determination and application system for SNAP, Medicaid, and other public assistance programs. In February 2026, HCA issued purchase order changes to the contract increasing the costs by \$38.7 million for various system enhancements.

² Although HCA has technically moved away from traditional caseloads (where each caseworker handles all aspects of a set portfolio of cases) to task-based case processing (where each caseworker is assigned case management tasks as needed from a statewide computerized queue), this LFC program evaluation report uses the term “caseload” to refer to cases per caseworker as a measure of staffing and operational workload.

Chart 17. SNAP Error Rate and Average Cases Per Caseworker by HCA Regional Field Office from Most Recent Compliance Reports (FY23, FY24)



Note: Torrance, Guadalupe, and Roosevelt counties are excluded from this analysis due to insufficient data available in Management Evaluation reports. Santa Fe office caseload data is drawn from the HCA monthly statistical report. North and South Valencia are combined and reported as a single office.

Source: LFC analysis of HCA data.

Six of the 29 reviewed field offices had SNAP error rates of 6 percent or lower and three offices (Artesia, Colfax, and Lincoln) had zero errors in their compliance reviews. The remaining reviewed 23 field offices had error rates exceeding 6 percent, and 12 offices had error rates of 14 percent or higher. The Grant and Luna county field offices had the lowest accuracy performance in the state, with SNAP payment errors exceeding 34 percent in their compliance reviews. Notably, both offices had caseloads near the statewide average of approximately 1,500 cases per caseworker, and Luna's caseload was below the statewide average. Several Bernalillo County offices, which manage among the highest caseloads in the state, with over 2,000 cases per caseworker, also report error rates ranging from 10 percent to 16 percent. Taken together, the data show no consistent relationship between cases per caseworker and SNAP payment error rates across field offices, suggesting that staffing and caseloads alone do not drive performance. At the same time, these data point to an opportunity to replicate strategies working in high performing offices and target improvement efforts to offices with higher rates of payment errors.

These data point to an opportunity to replicate strategies working in high performing offices and target improvement efforts to offices with higher rates of payment errors.

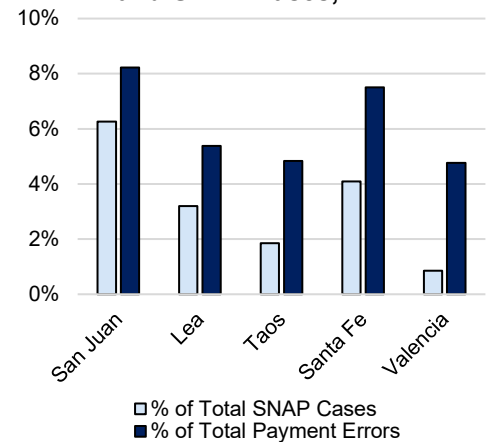
HCA internal reviews of offices with higher SNAP error rates have identified recurring issues with incomplete case documentation, failure to review required applicant information during interviews, and untimely screening of expedited applications. LFC staff reviewed the most recent management evaluation reports for the Grant and Luna county field offices (the two lowest-performing offices statewide, each with SNAP error rates exceeding 34 percent) and compared them with reports for McKinley and Carlsbad county offices, which had payment error rates of 5 percent and 2 percent, respectively. In both the Grant and Luna field offices, reviewers identified a recurring finding that caseworkers were not consistently documenting or reviewing work requirements, rights and responsibilities, compliance exemptions, or consequences for noncompliance—the same issue flagged in prior reviews. In contrast, the McKinley and Carlsbad county field offices had fewer documented instances of staff knowledge gaps. HCA should strengthen its performance

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management of field offices whereby the root causes of SNAP payment errors (training gaps, missing data checks for information not reported by clients, etc.) are identified, corrective actions are expected of specific offices and employees, corrective actions are implemented, and ongoing performance is monitored.

Five field offices (Valencia, Santa Fe, Taos, Lea, and San Juan) accounted for only 16 percent of SNAP cases but roughly one-third of SNAP payment dollar errors. When HCA identifies SNAP payment errors during its monthly sampling and auditing of SNAP cases, HCA documents the errors in federal forms and internal HCA forms. LFC staff analyzed HCA’s SNAP payment error data from HCA forms for FFY24. LFC staff compared each field office’s total SNAP payment errors to their number of reported SNAP cases in HCA’s monthly statistical report from September 2024. Certain field office had a higher proportion of the state’s total SNAP payment error amounts relative to their proportion of statewide SNAP cases. For example, the Valencia county field office served less than 1 percent of the state’s SNAP cases, but accounted for nearly 5 percent of the state’s FFY24 incorrect SNAP payments. In total, five field offices accounted for about a third of statewide payment errors. None of these five field offices were located in the state’s most populous counties. These data indicate some field offices can process fewer cases but still have high-cost errors, warranting closer review and additional training.

Chart 18. Five County Field Offices’ Proportions of Statewide SNAP Error Payments and SNAP Cases, FFY24



Source: LFC analysis of HCA data.

HCA’s monthly SNAP Performance Reports do not track where SNAP payment errors were processed, which is a missed opportunity for monitoring field office performance and targeting corrective action. HCA’s SNAP Performance Reports track the location of incorrect SNAP payments by the SNAP recipients’ household addresses rather than the actual field offices processing the errors. Field offices can remotely process SNAP cases of households located anywhere in the state, limiting the usefulness of tracking payment errors by SNAP household location rather than responsible field office. As a best practice, government agencies should publicly track performance data to identify problems, determine root causes, and develop corrective actions to improve program outcomes.ⁱⁱⁱ HCA should track the location of SNAP payment errors by the field offices that processed the errors in its monthly SNAP performance reports and use this data to target corrective actions and additional training supports.

As a best practice, government agencies should publicly track performance data to identify problems, determine root causes, and develop corrective actions to improve program outcomes.

A court-ordered review of SNAP and Medicaid cases concluded HCA caseworker processing errors were a major contributor to incorrect benefit determinations. In the federal *Hatten-Gonzales* litigation against HCA, a court-appointed Special Master oversaw a compliance review of a random sample of 288 Medicaid and SNAP cases processed in 2025. In a January 2026 report, the Special Master found caseworker processing errors were the largest reason for incorrect benefit determinations. The report found “staff data entry, income verification and projection, and attention to detail during processing must be improved.” (p.17). The report recommended targeted remedial training for caseworkers, reviews of internal HCA processes, and implementation of ASPEN system upgrades.

HCA will need to effectively implement identified strategies for improving SNAP accuracy, even as cohorts of new caseworkers are being hired.

USDA identifies root cause analysis, targeted training, performance monitoring, and ongoing feedback as key strategies for reducing SNAP payment errors. Although New Mexico HCA already conducts quality assurance reviews and some root cause analysis, the agency will need to strengthen these efforts as it manages a relatively inexperienced workforce and hires more than 100 additional caseworkers in FY27. Iowa’s experience shows proactive case reviews and rapid feedback can substantially reduce error rates, and HCA reports it plans to dedicate 14 FTE to implement a similar continuous case improvement approach.

USDA identifies performance monitoring, root cause analysis, training, and other strategies as key to reducing SNAP payment errors. USDA recommends state agencies conduct regular root cause analysis using SNAP quality control data to identify which error types, case elements, and local offices are driving the state's error rate, and then use those findings to select cases for targeted quality assurance reviews, inform training content, and develop corrective action plans. USDA also identifies feedback as a critical component of monitoring: quality assurance reviewers should use results to provide individual workers with feedback, help supervisors identify high-quality work, and notify agency leadership so administrators can assess whether policies, data systems, and office processes help meet payment-accuracy goals. Without this full monitoring loop (analysis, targeted review, feedback, and evaluation), review activities are at risk of identifying the same errors repeatedly rather than reducing them over time. Although HCA already conducts quality assurance reviews and root cause analyses, it will need to monitor performance more systematically to target training, supervisory support, and corrective actions for the specific offices and error types driving the state's error rate.^{iv}

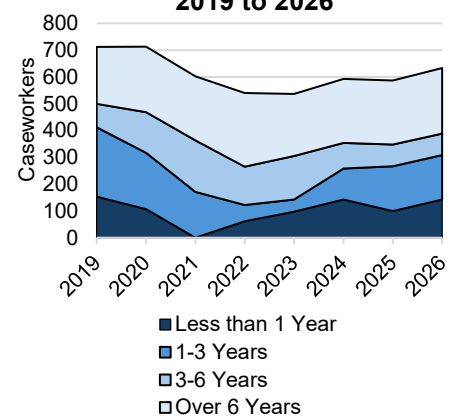
Many HCA caseworkers are relatively new to their jobs, meaning HCA will need to ensure employee training and supports can effectively improve accuracy. About 143 caseworkers (or 23 percent of all caseworkers) have less than a year of experience in the current jobs. State Personnel Office data indicate HCA caseworkers have an average of two years’ experience in their jobs. Additionally, HCA’s budget for FY27 includes over 100 additional caseworker positions. These data indicate HCA has many caseworkers who are relatively new to their positions and the agency plans to hire many new caseworkers in the coming fiscal year. Although HCA has a multi-week orientation process for new caseworkers with lectures, practice sessions, and quizzes, HCA should enhance its performance monitoring activities and targeted training to substantially reduce the state’s error rate while simultaneously onboarding a large cohort of newer staff.

Figure 12. USDA’s Identified Keys for Improving SNAP Payment Accuracy



Source: USDA.

Chart 19. HCA Caseworkers by Years of Job Experience, 2019 to 2026



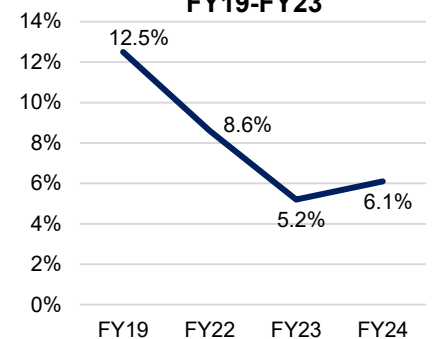
Source: HCA data.

Wisconsin supports its income maintenance caseworkers through a tri-annually updated SNAP policy handbook, system-aligned training, and continuous-improvement governance.

Wisconsin has one of the lowest SNAP payment error rates in the country (4.5 percent in FFY24) with 11.5 percent of the state's population on SNAP. Wisconsin's Department of Health Services, unlike New Mexico, publishes a SNAP policy handbook (the FoodShare Handbook) that it updates three times a year (in April, August, and December) and posts it on a searchable website, so caseworkers can quickly look up the rules they need. The three-times-a-year schedule keeps the handbook in step with federal policy changes, mid-year rule updates, and yearly benefit adjustments, so workers are rarely relying on outdated guidance. Wisconsin pairs the handbook with two other supports. Each time the state updates its eligibility computer system, workers get matching guidance and training at the same time, delivered through Wisconsin's 11 county-based Income Maintenance Consortia. The state also runs a standing review group (the Income Maintenance Advisory Committee's Performance Monitoring subcommittee) that regularly reviews quality control data and uses its findings to improve training. To give caseworkers and the state clear, up-to-date guidance, HCA should create, publicly publish, and update a definitive SNAP policy and procedure handbook for caseworkers annually.

Iowa reduced its SNAP error rate by setting up a continuous case improvement office to flag error trends to address with targeted training; HCA reports it will dedicate 14 FTE next year to conduct similar proactive case reviews. In FFY19, Iowa had the fifth-highest SNAP payment error rate in the country (12.5 percent); however, it now ranks 10th lowest in the nation (6.14 percent in FFY24). The Iowa Department of Human Services credits its success to two distinct practices: the first was a business process redesign to identify the root causes of its high error rate, and the second was the establishment of a continuous case improvement unit. The case improvement unit (comprised of five FTE) began reading 500 recently approved SNAP cases a week in November 2020 and providing immediate feedback to caseworkers on emerging error trends. HCA should implement its plans to conduct proactive, pre-disposition case reviews to flag error trends to address with targeted training.

Chart 20. Iowa SNAP Payment Error Rate, FY19-FY23



Source: LFC analysis of USDA data.

HCA has relied on self-reported data for some of the largest categories of SNAP payment errors and should check this data against available datasets

Federal SNAP regulations establish baseline verification and database match requirements but allow states to adopt additional safeguards against payment errors. Although HCA routinely checks income and eligibility data against multiple databases, it generally relies on self-reported household composition information despite household composition errors being a leading cause of SNAP payment errors. Other states use automated household composition checks, and HCA could similarly use data sources, such as tax, motor vehicle registration, or Medicaid data to strengthen verification efforts. HCA has also acknowledged that self-attestation contributes to payment errors and is increasing documentation requirements for certain deductions, while lacking federally required data-

sharing agreements with gaming and lottery entities to identify substantial gambling winnings.

Federal SNAP rules set certain baseline verification and database match requirements but leave additional requirements up to states.

Federal SNAP regulations require states to verify certain core eligibility factors (such as gross income and compliance with work requirements) at initial application and recertification interviews (7 CFR § 272.2). States are only required to verify certain other SNAP eligibility data (such as household composition or income deductions for shelter expenses) if the information is deemed questionable by the SNAP agency. States are also required to operate ongoing income and eligibility verification systems that check SNAP data against certain other available databases, such as unemployment insurance or social security databases (7 CFR § 272.8). However, federal rules also provide states with flexibility to require additional verification documentation or database checks. Under federal rules, eligibility information can be verified through documents, third party contacts (employers or landlords) called collateral contacts, home visits, or database checks.

HCA regularly runs database checks of various SNAP eligibility data but not household composition, despite household composition being a leading cause of SNAP errors.

HCA routinely checks SNAP data against various federal and state databases during SNAP application and eligibility renewal processes (Section 8.100.130.9.C NMAC).³ In New Mexico, data checks have been legally agreed on as a preferable and generally less burdensome form of verification than requiring applicants to provide additional documentation when possible (Hatten-Gonzales Second Modified Consent Decree and Order, Subsection III.G.2). During SNAP applications and eligibility renewals, HCA caseworkers can quickly run database checks of eligibility data across different available datasets. For example, HCA caseworkers check applicants' reported income data against unemployment insurance data from the state Workforce Solutions Department and proprietary payroll data from a private company.⁴ Although incorrect household composition data has consistently been one of the top

Table 6. Top SNAP Payment Error Categories, Reasons for Errors, and HCA Data Verification Checks

Top SNAP Payment Error Categories FFY25	Top Reasons for Errors within Category FFY25	HCA Data Verification Checks
Wages and Salaries	Information not provided or withheld by recipient.	NM Workforce Solutions Department wage data. Equifax Inc. payroll data.
	Agency failed to follow up on inconsistent or incomplete information.	
Household Composition and Family Size	Incorrect information provided by recipient.	No HCA data checks. Only applicant self-reported data is reviewed.
	Information not provided or withheld by applicant.	
Income Deductions for Shelter Costs	Information not provided or withheld by recipient.	HCA recently began requiring documentation of expenses for income deductions, effective May 1, 2026.
	Reported information disregarded or not applied.	

Source: LFC review of HCA FFY25 SNAP Performance Report p.7, HCA trainings, and New Mexico Administrative Code (Section 8.100.130).

³ HCA conducts data matches against 14 different federal, state, and other datasets when SNAP applications are processed or household eligibility is renewed. These data matches check data on wages, employment, social security, Medicare, child support, non-citizen registration numbers, duplicate SNAP benefits in other states, incarceration status, fleeing felon status, and whether the person in the household has been disqualified for a previous intentional program violation (See Appendix N).

⁴ HCA has a contract with Equifax Inc., a major credit reporting agency, for \$24 million (roughly \$2 million per month) to provide real-time employment and income verification data (through a product called The Work Number®) for public assistance programs, including SNAP.

three causes of SNAP payment errors, HCA caseworkers are not required to conduct any data checks of household composition information. HCA caseworkers are only required to review an applicant’s self-reported information (also called self-attestation) to confirm household composition during SNAP applications and renewals.

HCA could internally check SNAP household composition information by checking available motor vehicle registration and Medicaid data.

HCA staff and caseworkers currently have the ability to quickly check motor vehicle registration data from the state Motor Vehicle Division (MVD) to see whether multiple individuals are registered to the same vehicle. This data check helps identify household composition errors and misreporting. HCA quality control reviewers and investigators already use MVD data matches to identify whether someone neglected to report a spouse or significant other on a SNAP application. HCA could also check the accuracy of household composition information in SNAP applications by comparing how household composition is reported in Medicaid applications (based on intended tax filing status and dependents). HCA’s integrated eligibility system (called the Automated System Program and Eligibility Network or ASPEN) handles both the applications for Medicaid and SNAP which means application data could be checked across both programs. HCA staff can currently check Medicaid data against SNAP data, but cannot check SNAP data with Medicaid data. In February 2026, 94 percent of people receiving SNAP in New Mexico (roughly 414 thousand people) were also enrolled in Medicaid. HCA could also potentially check household information from the state’s childcare assistance data. Although no single database check can catch all potential errors, HCA could check multiple data sources (like it does when checking income data) rather than no data sources. HCA should amend its rules (Sections 8.100.130 NMAC) and training materials to require caseworkers to check household composition data in SNAP applications and renewals with available motor vehicle registration data, Medicaid data, or other data sources.

Some other states have adopted automated data checks to confirm household composition information, going beyond the federal minimum requirement.

Although federal SNAP regulations only require states to verify household composition when a caseworker finds self-reported information questionable, states have the option to require additional verification (7 C.F.R. § 273.2(f)). Federal guidance recommends Internal Revenue Service (IRS) records and state tax system data as available sources for verifying household size and composition. Some states have opted to run automated data checks on household composition information. For example, Massachusetts cross-checks household members against all state benefit programs simultaneously through its Eligibility Management System (EMS); New York has a Front End Detection System (FEDS)

Table 7. Examples of How Some States Check Household Composition Data.

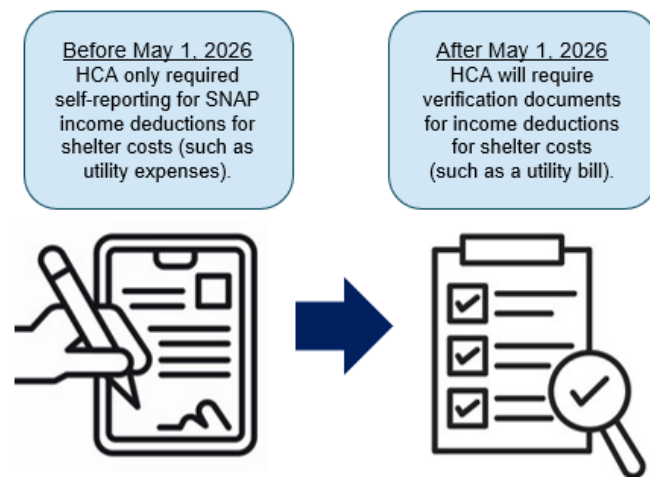
State	Tool used	How does it check household composition
Massachusetts	Eligibility Management System (EMS)	Matches the household’s address and listed members against all state benefit programs to catch anyone enrolled in two households at once.
California	Income and Eligibility Verification System (IEVS)	Checks if any member is already receiving CalFresh in another household; confirms death and incarceration status for all listed members.
Texas	Data Broker Report	Checks address history, who else lives there, and vehicle records.
New York	Front End Detection System (FEDS)	FEDS investigates whether the people listed in the household live together before benefits are approved.
Montana	Multi-system query	Staff check whether any listed member is disqualified, receiving child support, or already appears in wage and Social Security records under a different household

Sources: Massachusetts LIHEAP Clearinghouse; California CalFresh Guide; Texas Works Handbook § C-820; New York SNAP Guide; and the Montana Department of Public Health and Human Services SNAP Manual.

which reviews flagged applications before approval; Texas runs a Data Broker report that searches DMV records, address history, and vehicle ownership to surface discrepancies in reported household membership; and Montana requires eligibility staff to manually query five separate databases (including child support, wage, and Social Security records) at every application and recertification.

HCA reports that relying on self-reporting (self-attestation) for certain eligibility data “significantly contributes” to SNAP payment errors and is now requiring documentation for certain income deductions (a leading source of payment errors). Federal rules require states to verify certain SNAP eligibility factors with documentation (such as a person’s identity or income) but provide states with flexibility regarding the verification of other factors, such as household size or income deductions for medical expenses, shelter costs, utility expenses, or dependent care. In New Mexico, HCA rules allow SNAP recipients to provide a sworn statement (also called self-attestation) as verification of household size and income deductions when applying for benefits (New Mexico Administrative Code 8.100.130). In a recent notice of proposed rulemaking, HCA announced it would require documentation for SNAP income deductions for shelter, utility, and dependent care. In this announcement, HCA stated “client self-attestation significantly contributes to payment errors, particularly client-caused errors that could have been prevented with documentation” (New Mexico Register, Volume 37, Issue 4, February 24, 2026). HCA reported its internal analysis of SNAP error data indicated the overall payment error rate for FFY23 and FFY24 could have been reduced by an average of 3 percent to 6 percent by requiring documentation of income deductions. HCA should complete its announced rule changes regarding SNAP income deduction verification and monitor the impacts.

Figure 13. Recent HCA Rule Change Requiring Verification of Income Deductions.



Source: LFC review of HCA documentation.

HCA is able to check SNAP data against federal and state death records; HCA will need to update its system to continue checking federal death record data after an upcoming federal data change. Federal rules require states to conduct data matches of their SNAP data with the federal Social Security Administration (SSA) death records master file to ensure SNAP benefits are not issued to deceased people (7 CFR § 272.14). SSA receives death record data from states, funeral directors, and families. HCA caseworkers are required to verify social security information, including whether a date of death has been recorded. SSA will be changing its “date of death” variable to a different kind of death indicator variable later this year and states will need to update their systems accordingly. HCA should implement a computer systems update to continue checking federal death record information after the Social Security Administration changes its death indicator variable in September 2026. HCA also checks SNAP data against death records from federal Medicaid data, state Children, Youth and Families Department (CYFD) data, and the

state Department of Health (DOH) data. There can sometimes be delays and discrepancies in state and federal death records. For example, a 2019 report from the Social Security Administration's Office of Inspector General found \$3.8 million in social security payments had been paid to 68 beneficiaries who died in New Mexico between 1984 and 2017.^v

Despite federal requirements, HCA lacks data sharing agreements with state gambling regulators or entities to check whether any SNAP recipients have received a gambling or lottery prize above \$4,500.

The federal government requires SNAP state agencies, to the maximum extent possible, to establish data sharing agreements with gambling regulators or entities to determine whether SNAP recipients have received a substantial lottery or gambling prize (7 CFR 272.2(d)(1)(xviii) and). Federal rules define a substantial lottery or gambling prize is defined as being above the maximum monthly benefit for an elderly or disabled household or roughly \$4,500 (7 CFR 273.11(q)). Despite these requirements, HCA does not currently have data sharing agreements with any state gaming or lottery entities in place. HCA reported to the federal government it has reached out to the New Mexico Gaming Control Board and five gaming sites about pursuing data sharing agreements. HCA should establish data sharing agreements with the New Mexico Gaming Control Board or individual gaming sites to determine whether SNAP recipients have received substantial lottery or gambling prizes as required by federal regulations.

HCA is implementing certain technology upgrades meant to improve accuracy, but opportunities remain for leveraging artificial intelligence and more advanced automation.

HCA has identified technology modernization as a key strategy for reducing SNAP payment errors. Through its \$22 million ASPEN Modernization Project, HCA redesigned its case management system to improve workflow efficiency and reduce data entry mistakes through enhanced prompts, reminders, and automation tools. New Mexico and other states are also beginning to implement limited automation and artificial intelligence technologies within SNAP processes, creating future opportunities for HCA to use advanced data analytics to identify and prevent errors.

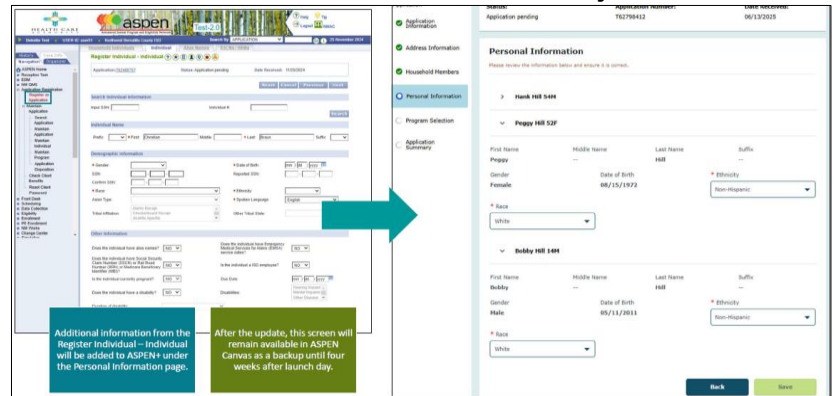
As a strategy to improve SNAP accuracy, HCA recently implemented \$22 million in upgrades for its ASPEN case management system to include easier navigation, automated reminders, chatbots to answer general questions, and error message prompts to reduce data entry errors. HCA listed technology upgrades as one of its key strategies for reducing SNAP errors, according to its FFY26 SNAP Corrective Action Plan. Specifically, HCA has been implementing a redesign of its Automated System Program and Eligibility Network (ASPEN) which is HCA's technology system for public assistance case management. HCA called this redesign the "ASPEN Modernization Project" and reported the "primary focus of this effort is enhancement of the system's User Interface (UI) and User Experience (UX) alongside the integration of automation technology to improve workflow efficiency." The project redesigned all ASPEN

screens and added enhanced reminder prompts and error messages to guide caseworkers through data entry to reduce errors. The project cost \$22 million over FY25 and FY26, paid for with \$18 million in federal funds and \$3.7 million in state funds.

Some states, including New Mexico, are implementing some automation technologies within SNAP processes. In February 2025, USDA issued guidance to states encouraging the adoption of advanced automation technologies and artificial intelligence to address workload challenges and improve customer service. USDA also explained how states need to receive federal approval before implementing such technologies in SNAP and also demonstrate safeguards around how these technologies will impact program access, staffing, and accuracy. The USDA guidance also provided some examples of how states are already implementing certain automation technologies. For example, multiple states (Illinois, Kentucky, and New Mexico) use automation to process interim reports of SNAP cases that have no self-reported changes or inconsistent information. On average, HCA automatically processes 840 interim reports with no changes per month. New Mexico also uses automation software to answer general questions from SNAP households with chatbots, automatically process address changes or add newborns to SNAP cases, transcribe caseworker notes, or send reminder messages about application deadlines. Other states are using software to respond to general SNAP inquiries (Kentucky and Massachusetts), automatically prepare certain SNAP recertification applications (Georgia), or continuously check SNAP case data against death records (Texas).

HCA recently created a risk assessment application for \$1 million that caseworkers can use to scan SNAP cases and flag data anomalies. Through an internal initiative called Project Amiga, HCA developed a risk assessment application that caseworkers can run on a case which flags large changes in a SNAP household's income, composition, or income deduction data for further caseworker review. HCA notes the risk assessment uses a combination of rules-based procedures and machine learning to analyze a SNAP case's data. HCA reports Project Amiga cost \$1 million in state funding to develop and has been in operation since 2023.

Figure 14. Example Change in Webpage User Interface from HCA ASPEN Modernization Project



Source: HCA.

Figure 15. Screenshot of a Risk Assessment Pop-Up from HCA's Project Amiga Application.



Source: HCA.

Advanced AI and machine learning technologies remain a future opportunity to improve SNAP accuracy and reduce payment errors. Artificial intelligence (AI) tools have the capacity to quickly sift through massive volumes of data to identify patterns and errors, run continuously in the background, cross-reference data points across multiple datasets. SNAP agencies could leverage these recent technological advancements to run daily analytics capable of flagging discrepancies for caseworkers. HCA should explore opportunities for leveraging emerging technological advancements in artificial intelligence and machine learning to run background analytics to flag discrepancies in SNAP data.

Figure 16. Spectrum of Data Analytics Maturity in Government Administration



Source: Governing and Government Technology. (2025). Improving SNAP with AI.

Increasing the frequency of SNAP recertification interviews would likely lower payment error rates, but would also likely result in eligible people losing benefits.

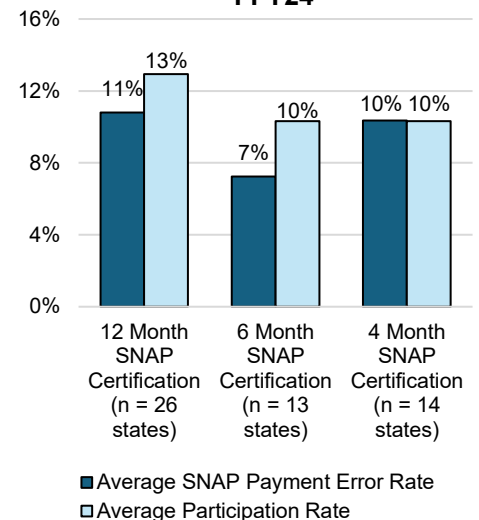
States can choose how frequently households are required to have an interview with a caseworker to recertify their SNAP eligibility, update their eligibility information, and maintain benefits. Following federal rules, states generally require SNAP households to have a recertification interview every 12 months, 6 months, or 4 months after their initial application. New Mexico requires most SNAP households to have recertification interviews with caseworkers every 12 months. Analysis of FFY24 USDA data suggests more frequent recertification interviews could reduce SNAP payment errors, but would also likely increase administrative burdens and reduce participation among eligible households. Because more

frequent interviews may cause eligible households to lose benefits while providing limited additional reductions in payment errors, this report does not recommend increasing the frequency of SNAP recertification interviews in New Mexico. The state suspended eligibility interviews during the Covid-19 pandemic but reinstated interviews in FFY24.

Requiring SNAP recipients to undergo more frequent SNAP recertification interviews can lower payment errors, but this policy has diminishing returns. LFC staff analyzed available USDA data from FFY24 to observe whether states requiring more frequent recertification interviews had lower SNAP payment error rates. On average, states requiring recertification interviews every 6 months had a lower average payment error rate (7 percent) than states requiring recertification interviews every 12 months (11 percent), suggesting more frequent recertification interviews can help update SNAP household eligibility data and, in turn, reduce payment errors. However, increasing the frequency of SNAP recertification interviews appears to also have diminishing returns. States requiring recertification interviews every 4 months had a higher average payment error rate (10 percent) than states requiring recertification interviews every 6 months as well as a similar average error rate as states with annual recertification interviews. This data suggests requiring recertification interviews too frequently is associated with higher SNAP payment errors, likely because of increased workloads and administrative burdens on both recipients and caseworkers leading to more errors. The differences between these average error rates were statistically significant, meaning the differences between these averages were substantive and not likely the result of random chance.

Evidence suggests requiring more frequent recertification interviews lowers program participation by increasing administrative requirements for SNAP recipients and, in turn, may result in eligible people losing benefits. National data indicates states requiring SNAP recertification interviews more frequently than every 12 months had lower average participation rates in FFY24 than states with annual interview requirements. This data suggests more frequent interviews may add to the administrative burden on recipients and lowers participation. As an example, Tennessee increased the frequency of recertification interviews in FFY22 (from annually to every 6 months) and shortly thereafter experienced lower error rates but also saw substantive decreases in program participation. Tennessee's payment error rate decreased from 19.8 percent in FFY22 to 9.5 percent in FFY24. However, over the same timeframe, Tennessee's number of SNAP recipients decreased by 14 percent (or 113 thousand people) from 825 thousand SNAP recipients in FFY22 to 712 thousand SNAP recipients in FFY24. Although some of the decreased participation may be attributable to the unwinding of Covid-19 policies, the additional recertification interviews likely contributed to the decreases as well. Additionally, research studies on different SNAP policy choices of states indicate that increased administrative requirements on potential SNAP recipients lowers program participation of eligible people.^{vi}

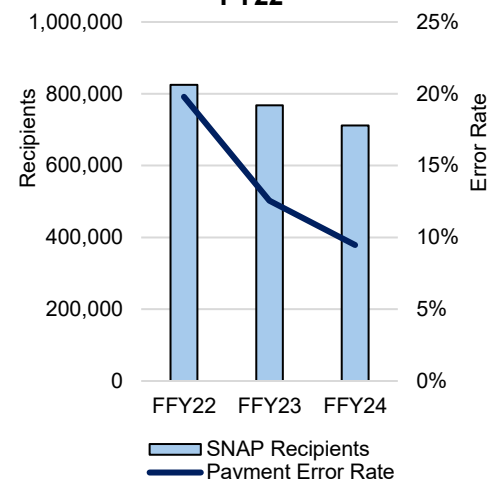
Chart 21. Average SNAP Error Rate and Participation Rate by Frequency of SNAP Recertification Interviews, FFY24



Note: Differences between groups were statistically significant at the p<0.05 level for error rates. In this chart, the term "states" can also include U.S. territories.

Source: LFC analysis of USDA data.

Chart 22. Tennessee's SNAP Enrollment and Payment Error Rate After Increasing the Frequency of Recertification Interviews in FY22



Source: LFC analysis of USDA data.

Recommendations

The Health Care Authority should:

- Strengthen its performance management of field offices whereby the root causes of SNAP payment errors (training gaps, missing data checks for information not reported by clients, etc.) are identified, corrective actions are expected of specific offices and employees, corrective actions are implemented, and ongoing performance is monitored;
- Track the location of SNAP payment errors by the field offices that processed the errors in its monthly SNAP performance reports and use this data to target corrective actions and additional training supports;
- Create, publicly publish, and update a definitive SNAP policy and procedure handbook for caseworkers annually;
- Implement its plans to conduct proactive, pre-disposition case reviews to flag error trends to address with targeted training;
- Amend its rules (Sections 8.100.130 NMAC) and training materials to require caseworkers to check household composition data in SNAP applications and renewals with available motor vehicle registration data, Medicaid data, or other data sources;
- Complete its announced rule changes regarding SNAP income deduction verification and monitor the impacts;
- Implement a computer systems update to continue checking federal death record information after the Social Security Administration changes its death indicator variable in September 2026;
- Establish data sharing agreements with the New Mexico Gaming Control Board or individual gaming sites to determine whether SNAP recipients have received substantial lottery or gambling prizes as required by federal regulations;
- Explore opportunities for leveraging recent technological advancements in artificial intelligence and machine learning to run background analytics to flag discrepancies (a potential source of payment errors) in SNAP data for agency staff; and
- Report its annual SNAP payment error rate to LFC as a performance measure under the state Accountability in Government Act (AGA).

SNAP has program integrity risks and under-investigation of fraud, but low levels of confirmed fraud

SNAP fraud appears to involve relatively small shares of overall benefits but remains difficult to detect and investigate effectively. Although national estimates suggest \$12 million to \$22 million in New Mexico SNAP benefits could be affected annually by fraud or trafficking, HCA identifies only around \$371 thousand annually, investigates only 3 percent of reported fraud tips, and disqualifies fewer SNAP recipients for benefit fraud or misuse than any other state. Investigative practices also lack several recommended standards, including public performance reporting and the systematic use of data analytics. The lack of federal or state data collection on food items purchased with SNAP increases program vulnerabilities to fraud and trafficking. The Legislature also recently directed funds for HCA to replace New Mexico’s magnetic stripe EBT cards with chip-enabled cards to reduce SNAP benefit theft.

Fraudulent activity impacts 1.2 percent to 2.2 percent of national SNAP benefits (\$1 billion to \$2 billion), according to available data.

SNAP fraud generally falls into four categories—recipient fraud, retailer fraud, benefit trafficking, and benefit theft schemes—although only recipient fraud affects a state’s SNAP payment error rate. Federal data indicate SNAP fraud impacts a relatively small share of total benefits overall, with national estimates suggesting around 1 percent to 2 percent of SNAP benefits are affected by fraud. Applying this estimate to New Mexico suggests roughly \$12 million to \$22 million in SNAP benefits could be impacted annually, while HCA investigations identified only about \$371 thousand in fraudulent or trafficked SNAP funds annually from FY18 through FY23, indicating the department is likely under-identifying SNAP fraud activity.

SNAP fraud can generally be categorized into four different types of fraud: recipient fraud, retailer fraud, benefit trafficking, and benefit theft schemes. There are four types of SNAP fraud, one may be a component of the state’s payment error rate (recipient fraud) while the others do not impact error rates (retailer fraud, benefits trafficking, and benefit theft). Recipient fraud occurs when a recipient knowingly provides false eligibility information to receive improper SNAP payments. Retailer fraud occurs when a retailer submits false application or reimbursement information for the purpose of receiving improper SNAP reimbursements. SNAP trafficking occurs when an individual or retailer illegally exchanges SNAP funds for unallowable items or

Definitions of Fraud, Waste, and Abuse

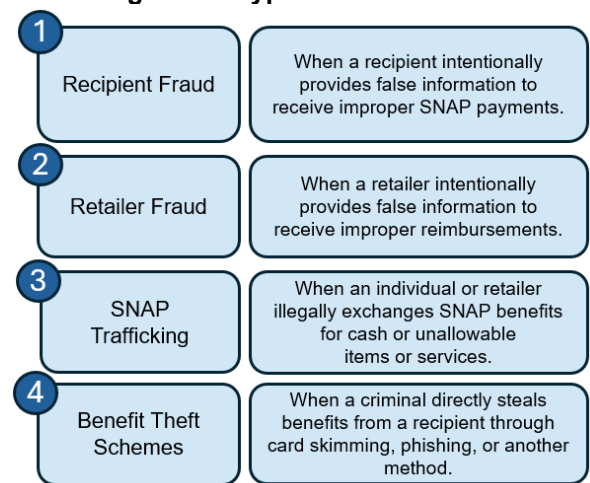
Fraud is intentional misrepresentation to obtain something of value.

Waste is the careless, improper, or inefficient use of resources.

Abuse is the misuse of resources in ways that contradict ethical or legal standards.

Source: LFC review of U.S. Standards for Internal Control in the Federal Government.

Figure 17. Types of SNAP Fraud



Source: LFC review of USDA, U.S. Government Accountability Office, and Congressional Research Service information.

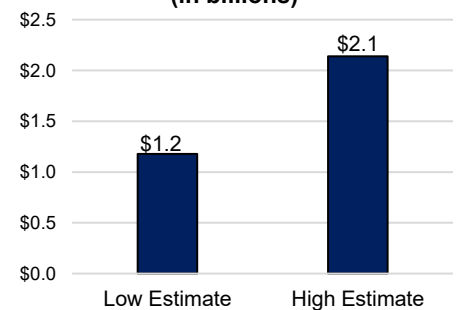
services. Benefit theft schemes occur when a criminal directly steals benefits from a recipient through fraudulent means such as card skimming, phishing, hacking, or other methods.^{vii,viii} Of these four types of SNAP fraud, only one type affects the state’s payment error rate (recipient fraud) whereas the other types of SNAP fraud do not impact the payment error rate (retailer fraud, benefits trafficking, and benefit theft).

A U.S. Government Accountability Office (GAO) study estimated between 3 percent and 7 percent of overall federal spending is impacted by fraud annually. A 2024 GAO report included a government-wide estimate of federal dollars lost from fraud.^{ix} The GAO report analyzed data from 12 federal Offices of Inspector General (OIG), confirmed fraud reported by the federal Office of Management and Budget (OMB), and several fraud estimation studies. The report estimated that the federal government lost between 3 percent to 7 percent (or \$233 billion to \$521 billion) of annual federal spending from FFY18 through FFY22 from fraud. The report cautioned against uniformly applying its government-wide fraud rate estimate to specific agencies or programs (such as SNAP).⁵ Instead, the report noted different agencies and programs operate differently and some have higher risk of exposure to fraud (such as pandemic relief programs) than others. Nevertheless, the available data indicates fraud impacts a relatively low proportion of \$7 trillion in total annual federal spending.

Fraud is difficult to detect, investigate, prove, or estimate. Nevertheless, the available national data indicates fraud impacts a relatively low proportion of \$7 trillion in total annual federal spending.

Available data indicate fraudulent activity impacts around 1 percent to 2 percent of total SNAP benefits (or roughly \$1 billion to \$2 billion) nationally. According to the most recent USDA SNAP State Activity Report, state SNAP agencies collectively identified \$68 million in recipient fraud out of \$107 billion in total SNAP benefits issued in FY23, or a confirmed recipient fraud rate of 0.06 percent.^x Since the 1990s, the USDA has also conducted periodic national studies estimating the extent to which SNAP benefits are trafficked (illegally sold or exchanged) based on investigations of retailers and analysis of SNAP Electronic Benefit Transfer (EBT) card data. The USDA’s studies since the early 2000s have estimated the SNAP trafficking rate to be between 1 percent to 2 percent of total SNAP benefits, with the most recent 2021 report estimating SNAP trafficking to be about 1.6 percent of SNAP benefits nationwide.^{xi} A recent preliminary report from a USDA SNAP program integrity data team flagged SNAP eligibility data discrepancies across a sample of 29 states (not including New Mexico), but found each data discrepancy issue impacted less than 1.2 percent of states’ SNAP cases.^{xii} In FFY25, USDA also imposed a total of \$12.5 million in penalties and fees on SNAP-authorized retailers across the nation for compliance violations which equates to roughly 0.01 percent of FY25 national SNAP benefits. Additionally, USDA data indicates roughly \$323 million was stolen from SNAP recipients between October 2022 through December 2024 by card skimming machines and other benefit theft scams, which equates to roughly

Chart 23. Low and High Estimates of Nationwide SNAP Fraud, FFY25 (in billions)



Notes: Estimates based on available USDA data of confirmed or estimated SNAP fraud, including benefits trafficking, EBT card theft, recipient fraud, and retailer fraud.

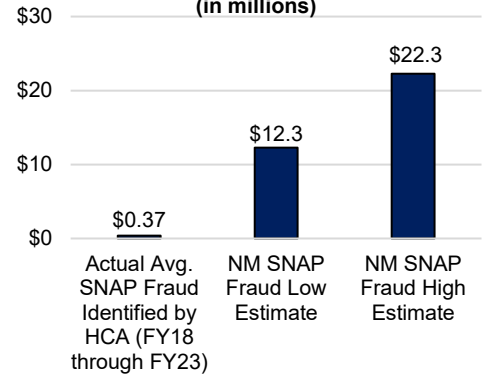
Source: LFC analysis of USDA data.

⁵ The GAO study cites the same USDA estimates of the national SNAP trafficking that this LFC report used to estimate national SNAP fraud.

\$144 million in stolen SNAP benefits on an annual basis, or 0.15 percent of total FFY24 SNAP benefits. Taken altogether (and assuming no overlap between these different estimates of SNAP fraud), this data suggests the total national SNAP fraud rate equals around 1.2 percent to 2.2 percent of SNAP benefits nationally, which would equate to around \$1.2 billion to \$2.2 billion of national FFY25 SNAP benefits being impacted by fraud. The available national data indicates that, while SNAP fraud impacts a substantial dollar amount, the rate of SNAP fraud reflects a low proportion of total benefits.

Assuming the national SNAP fraud rate, New Mexico would have around \$12 million to \$22 million in annual fraudulent SNAP activity; However, HCA OIG investigations only identify an average of \$371 thousand in fraudulent SNAP funds each year. New Mexico received \$1 billion in SNAP benefits in FFY25. Based on the same estimated national SNAP fraud rate of about 1.2 percent to 2.2 percent, New Mexico would have roughly \$12 million to \$22 million in SNAP benefits impacted by fraudulent activity. According to the most recently published USDA SNAP State Activity Report, New Mexico’s HCA identified \$398 thousand in fraudulent SNAP funds in FY23. HCA identified an annual average of \$371 thousand in SNAP fraud and trafficking amounts from FY18 through FY23 (latest data available), according to USDA SNAP State Activity Reports. Based on the available data, fraudulent activity is probably affecting a low proportion of overall SNAP benefit payments, but HCA OIG is also likely under-identifying SNAP fraud.

Chart 24. Estimated New Mexico SNAP Fraud and Actual Avg. SNAP Fraud Identified by HCA (in millions)



Note: Estimate assumes NM SNAP fraud mirrors the national 1 to 2 percent fraud rate estimated from available USDA data.

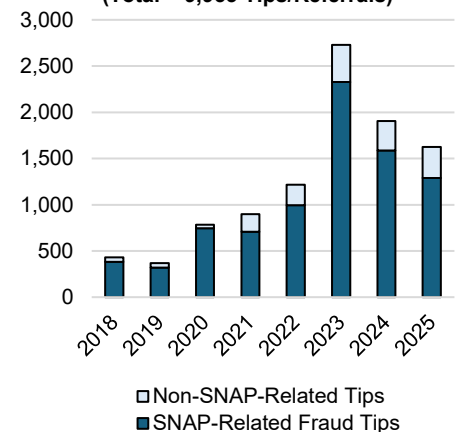
Source: LFC analysis of USDA and HCA data.

As fraud tips tripled, the HCA Office of Inspector General’s investigated only 3 percent of fraud tips and recovered relatively small dollar amounts.

Despite substantial increases in reports of suspected fraud, completed SNAP investigation reports decreased from recent highs. Since 2018, the HCA Office of Inspector General has completed investigation reports for only a small share of received fraud tips. Identified amounts of fraudulent SNAP payments were substantially less than annual OIG operating costs where only 23 cents of SNAP fraud were found for every dollar spent on OIG operations. Overall, the data suggests an increased public reporting of suspected fraud alongside declining investigative capacity and relatively limited identified SNAP fraud recoveries compared with OIG expenditures.

Fraud tips to the HCA Office of Inspector General (OIG) have more than tripled since 2018. People can submit tips, referrals, and complaints about suspected public assistance fraud to HCA OIG through either a telephone hotline (1-800-228-4802), an email hotline (HSD-

Chart 25. Fraud Tips/Referrals to the HCA OIG, 2018-2025 (Total = 9,953 Tips/Referrals)



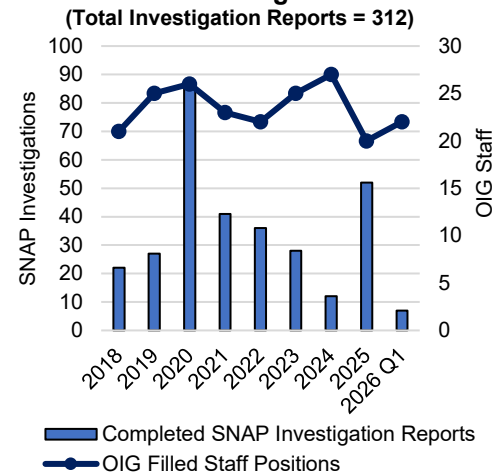
Source: LFC analysis of HCA data.

OIG.Fraud@HCA.NM.GOV), anonymous letters, or an online fraud reporting form. The tips submitted to HCA OIG about suspected fraud can include either invalid allegations with little basis in fact or valid allegations warranting further investigation. The vast majority of fraud tips submitted to HCA OIG over the past eight years (89 percent) were submitted either through emails or hotline calls. Other types of fraud tips submitted to OIG came from mailed letters, HCA employees, or USDA referrals. HCA OIG staff categorized a majority of the fraud tips submitted to OIG, 82 percent, as either being solely about SNAP or about multiple programs including SNAP. There were fewer than 500 fraud tips submitted annually to OIG in 2018 and 2019. Fraud tips began annually increasing starting in 2020 and later peaked in 2023 with 2,728 tips. Since peaking in 2023, fraud tips have decreased each year but still remain more than triple the annual number of fraud tips from 2018 and 2019.

Completed SNAP fraud investigation reports equate to 3 percent of fraud tips and substantially declined by 40 percent (or 35 investigation reports) from 2020 to 2025 whereas filled positions decreased by 23 percent (6 FTE). Over the past several years, HCA OIG has had an average of 29 budgeted positions and spent an average of \$1.6 million annually, according to State Personnel Office data and HCA general ledger data. OIG’s vacancy rate ranged from 0 percent to 26 percent over these years. From 2020 to 2025, OIG’s number of filled staff positions decreased by 23 percent (or 6 staff). At the same time, completed SNAP investigation reports fell by 40 percent (or 35 investigations) from a recent peak of 87 completed SNAP investigation reports in 2020 to 52 completed SNAP investigation reports in 2025. The recent peak in completed OIG reports in 2020 appears to be attributable to a period in 2019 and 2020 when OIG staff were investigating backlogged fraud tips, with some backlogged fraud tips dating back to 2014. Although OIG completed more SNAP investigation reports in 2025 than in the previous 4 years, SNAP investigations still remained below 2020. Since 2018, HCA OIG has completed a total of 312 SNAP investigation reports which equates to about 3 percent of the 9,953 fraud tips received over this timeframe.

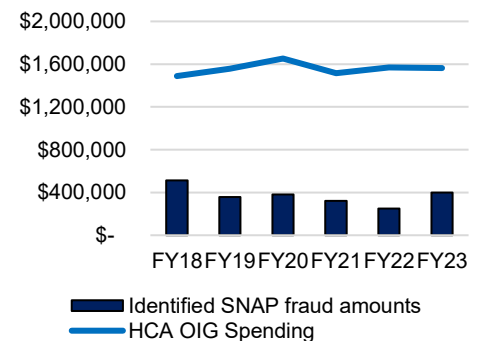
For every dollar spent on investigative operations, HCA OIG identifies 23 cents in SNAP fraud. According to USDA SNAP State Activity Reports for FY18 through FY23 (latest federal data available), HCA OIG fraud investigations of SNAP annually find an average of \$371 thousand in identified SNAP fraud (also referred to as fraud “claims” for agency recoupment or an equivalent reduction of a household’s future benefits). Over this same timeframe, HCA OIG spending averaged \$1.6 million per year according to general ledger data. HCA OIG also investigates other programs such as Medicaid. However, this data altogether indicates HCA OIG finds roughly 23 cents in SNAP recipient fraud for every \$1 dollar spent on overall OIG operations.

Chart 26. HCA OIG SNAP Investigation Reports and Staffing



Note: Staffing data reflects July of each year except 2026 which reflects April data.
Source: LFC analysis of HCA and SPO data.

Chart 27. HCA OIG Spending Compared to Identified Fraudulent SNAP Payment Found in Investigations, FY18-FY23



Note: Data on fraudulent SNAP payments identified by HCA OIG come from reports which are currently only available to FY23.
Source: LFC analysis of USDA and HCA data.

New Mexico imposes fewer disqualifications for SNAP fraud than any other state.

SNAP recipient fraud cases in New Mexico and nationally are generally handled through administrative hearings rather than criminal courts, with relatively few criminal prosecutions pursued. New Mexico reported the fewest SNAP fraud disqualifications of any state in FY23 despite having one of the nation’s highest SNAP participation rates, suggesting relatively limited identification of intentional program violations compared with other states. Over the past eight years, HCA disqualified 91 individuals from SNAP, most commonly for falsely reporting household composition to increase benefits, and most disqualifications lasted one year.

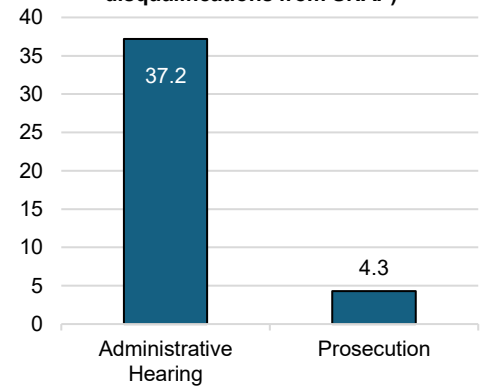
Nationally and in New Mexico, SNAP recipient fraud is generally handled through administrative hearings rather than criminal courts.

Under federal rules, a state agency administering SNAP is responsible for investigating allegations of recipients committing “intentional program violations” to defraud SNAP. If an investigation substantiates an alleged intentional program violation, the state agency must either conduct an administrative hearing to disqualify the SNAP recipient from receiving benefits for a time or refer the case for prosecution through the state’s judicial system to pursue criminal charges. In other words, states can choose on a case-by-case basis whether to handle SNAP fraud cases through an administrative disqualification hearing process (overseen by administrative judges) or through the state’s criminal justice system. According to the USDA SNAP State Activity Report for FY23 (latest available), SNAP recipients are generally disqualified from SNAP through administrative hearings rather than criminal prosecutions. Out of 41.5 thousand SNAP disqualifications that occurred nationwide in FY23, 90 percent (or 37.2 thousand SNAP disqualifications) occurred through an administrative hearings process rather than prosecutions through a criminal justice system. The same report indicates 94 percent of SNAP disqualifications in New Mexico in FY23 (or 17 out of 18 SNAP disqualifications) occurred through an administrative hearings process.

New Mexico has the lowest number of administrative disqualifications for SNAP recipient fraud of any state, while also having the highest SNAP participation rate.

According to the USDA SNAP State Activity Report for FY23, there were 41.5 thousand SNAP recipient fraud disqualifications for in the U.S. in FY23 which equates to 0.1 percent of the 42 million households receiving SNAP benefits nationally that year. The number of SNAP disqualifications varied significantly by state. Florida had the most SNAP fraud disqualification determinations in FY23 with 16.5 thousand SNAP disqualification (or 0.5 percent of Florida’s total SNAP recipients) while New Mexico had the fewest SNAP recipient disqualifications of any state (not including territories) with 18 disqualifications in FY23 (or 0.004 percent of New Mexico’s SNAP recipients). This data indicates New Mexico has a relatively low number of SNAP disqualifications for fraud compared to the national average, other

Chart 28. SNAP Disqualification Determinations in the U.S. by Process, FY23
(in thousands; total = 41.5 thousand disqualifications from SNAP)



Source: LFC analysis of USDA data.

Table 8. Comparison of U.S. and NM SNAP Participation Rate and Percent of SNAP Recipients Disqualified for Fraud

Measure	U.S.	NM
Percent of Population Participating in SNAP (FY24)	12%	21%
Percent of SNAP Recipients Disqualified for Fraud (FY23)	0.1%	0.004%

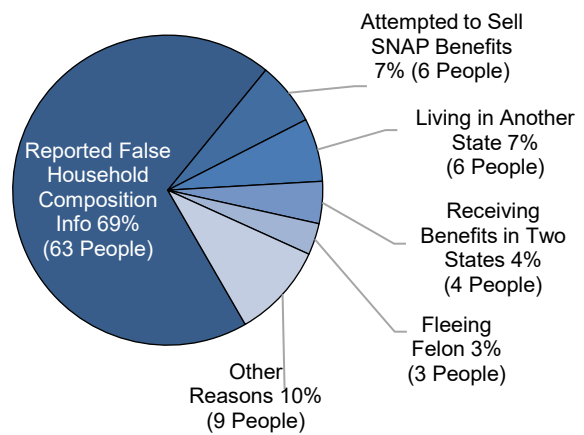
Source: LFC analysis of USDA data.

states, and New Mexico’s nationally leading SNAP participation rate above 21 percent of the state population. New Mexico would have had roughly 480 disqualifications in FY23 (rather than 18 disqualifications) if it had the same disqualification rate as the national average. This data indicates HCA is under-investigating and under-identifying SNAP intentional program violations and fraud when compared to other states and the national average.

Over the past 8 years, HCA disqualified 91 individuals from SNAP (generally for 1 year) for intentional program violations, mostly for falsely self-reporting household size to increase benefits. From calendar years 2018 through 2025, HCA’s Office of Fair Hearings disqualified 91 individuals from SNAP for intentional program violations. Of the 91 persons who were disqualified from SNAP, the majority were disqualified for 1 year (92 percent) but some were disqualified for 2 years (2 percent), 10 years (4 percent), or permanently (1 percent) depending on their intentional program violation and federal disqualification penalties. Of the 91 people disqualified, 69 percent (or 63 individuals) were disqualified for reporting false household composition information to increase SNAP benefits. Specifically, people either intentionally did not report a spouse or partner as part of their household (which underreports household income) or people claimed dependents who did not actually live with them (increasing their monthly benefit). The other 31 percent of individuals were disqualified for other intentional program violations such as attempting to sell SNAP benefits, living in another state while receiving New Mexico SNAP benefits, simultaneously receiving SNAP benefits from New Mexico and another state, or being a fleeing felon. HCA should require regular standardized data matches or verifications to double check household composition data in SNAP case files to prevent the misreporting of household composition information (the most common type of confirmed SNAP intentional program violation resulting in temporary disqualification).

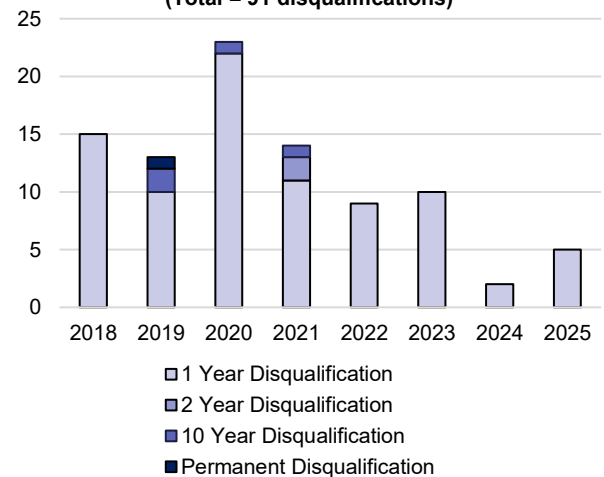
Under federal rules, administrative hearings generally penalize SNAP intentional program violations with a one year disqualification after the first offense and longer penalties for repeat or more serious offenses. Federal rules outline the disqualification penalties that can be imposed if a SNAP recipient either consents to a disqualification after reviewing the state’s evidence against them or is judged to have committed an intentional program violation in an administrative hearing (7 CFR § 273.16). Generally, SNAP recipients are disqualified from receiving benefits for 1 year after their first offense, disqualified for 2 years after their second offense, and permanently disqualified after their third offense. Some intentional program violations result in stricter penalties such as

Chart 29. Intentional Program Violations Committed by New Mexico SNAP Recipients Resulting in Disqualification, 2018-2025
(total = 91 SNAP Disqualifications)



Source: LFC analysis of HCA Office of Fair Hearings data.

Chart 30. New Mexico SNAP Disqualifications for Intentional Program Violations (Fraud), 2018-2025
(Total = 91 disqualifications)

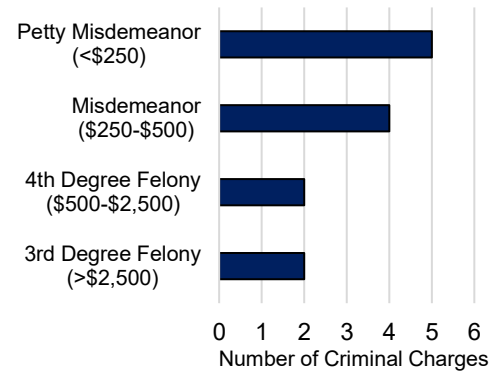


Source: LFC analysis of HCA Office of Fair Hearings data.

using SNAP benefits to purchase controlled substances (a 2 year disqualification on first offense), fraudulently receiving multiple SNAP benefits simultaneously (a 10 year disqualification), or being criminally convicted of trafficking benefits for more than \$500 or firearms (permanent disqualification). SNAP disqualification penalties only apply to the specific individual(s) in a household who committed the intentional program violation and not all members of a household.

Few cases of SNAP fraud are pursued in the New Mexico judicial system, with only 13 criminal charges for SNAP fraud filed from 2019 through 2025. New Mexico law has specific criminal charges for the unlawful use or dealing of SNAP benefits (Sections 30-16-7 and 30-40-2 NMSA 1978). State law escalates the degree and severity of the criminal charges based on the dollar amount of SNAP benefits involved. According to available data from the state Administrative Office of the Courts, only 13 criminal charges for the unlawful use or dealing of SNAP benefits were filed in court from 2019 through 2025. Most of these charges were either dismissed, transferred to district court, or did not have a reported disposition (outcome). This data indicates relatively few SNAP fraud or misuse criminal charges are ever pursued in criminal court.

Chart 31. New Mexico Criminal Charges for Unlawful Use or Dealing of SNAP Cards, 2019 through 2025
(total = 13 charges)



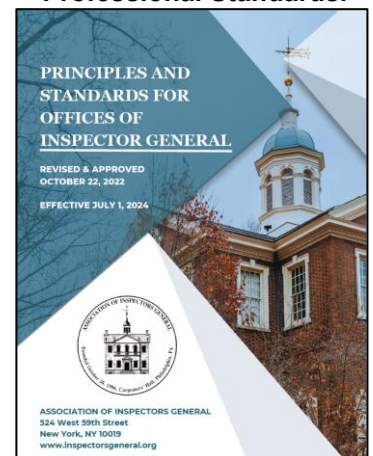
Source: LFC analysis of Administrative Office of the Courts data.

HCA OIG does not follow best practices in transparent public reporting, organizational planning, or using analytics to target investigations.

HCA OIG does not currently follow several recommended best practices for Offices of Inspector General, including publicly reporting investigative performance metrics, publishing annual work plans, and systematically using data analytics to target fraud risks. Similar issues were identified in a 2022 LFC progress report on agency internal audit offices. Most SNAP investigations are initiated through hotline complaints rather than fraud risk data available from HCA’s EBT contractor, despite available analytics identifying potentially high-risk patterns such as extensive out-of-state SNAP use. Analysis of January 2026 transaction data showed roughly \$7.1 million in New Mexico SNAP benefits were spent out-of-state in a single month, equivalent to an estimated \$85 million annually, including some cases with unusually large and frequent transactions. Strengthening transparency requirements, formalizing annual work plans, and expanding the use of fraud analytics could improve accountability, better target investigative resources, and help mitigate fraud risks.

HCA OIG does not publicly report on performance metrics of its investigative activities, despite this being recommended practice from the Association of Inspectors General. The Association of Inspectors General, a national professional society, recommends as a best practice that Offices of Inspectors General should develop qualitative and quantitative performance measures, internally track these measures, and report these outcomes to the public.^{xiii} HCA OIG’s investigative activities

Figure 18. Association of Inspectors General Professional Standards.



Source: Association of Inspectors General.

and performance are not currently reported to the public. The Legislature should consider amending the Health Care Authority Act (Chapter 9, Article 8, NMSA 1978) to require the HCA Office of Inspector General to annually report to LFC and the public on, disaggregated by program, the number of fraud referrals it receives, the number of fraud investigations it completes, the number of its investigations that substantiated alleged fraud, the number and length of program disqualifications that occurred as a result of investigative activities, the amount of fraudulent funds recovered, and any procedural actions the agency has taken to mitigate future fraud risk.

HCA OIG does not produce written work plans to plan future investigative activities or make those plans available to the public. According to the Association of Inspectors General, it is best practice for OIGs to create written work plans along with interim checks to determine if investigations are on schedule. Additionally, there is potential benefit to annual work plans being publicly available when feasible, either by posting on an agency website or by making them available by request. For example, the City of Albuquerque’s Office of Internal Audit publishes their annual audit plan and all their audit reports online. Making government workplans, work products, and performance metrics accessible to the public creates transparent accountability and contributes to public trust in government. The 2022 *LFC Policy Spotlight Report: Review of Internal Audit Functions* noted the HCA OIG could not provide evidence of a written workplan at the time. During this program evaluation, HCA OIG indicated the office did not have a formal written workplan. HCA should require its OIG to develop a written workplan each year and post its workplans online. The Legislature should consider amending state law (Chapter 9 NMSA 1978) to institutionalize and require best practices for state government Offices of Inspector General, including the development and publishing of annual workplans, ensuring internal audit functions follow generally accepted audit standards, and requiring work plans, annual reports, and performance metrics be made available to the public.

Making government workplans, work products, and performance metrics accessible to the public creates transparent accountability and contributes to public trust in government

The majority of OIG investigations are prompted by hotline tips and not from available fraud risk data analytics produced by HCA’s EBT contractor (including risk reports on out-of-state SNAP spending). The majority of HCA OIG investigation reports on SNAP (60 percent) were prompted by an initial hotline call or email. However, HCA’s SNAP EBT card contractor is required (under the contract) to “recommend a set of fraud reports that shall help the Procuring Agency [Health Care Authority] manage and detect fraud within the SNAP.”⁶ These available fraud risk reports are capable of identifying transaction data patterns which signal potentially fraudulent activity such as excessively large transactions,

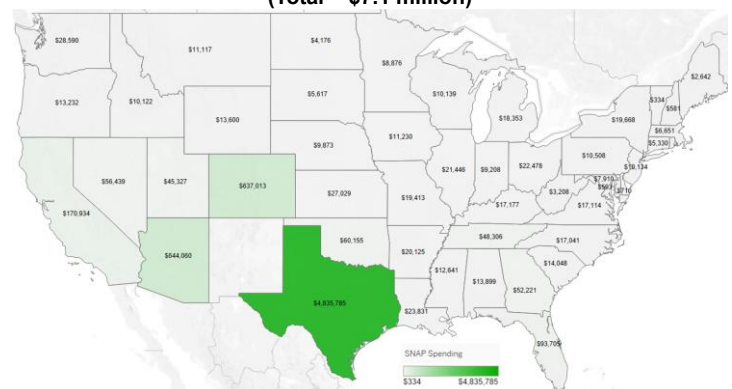
⁶ States can contract with third-party private companies to manage their SNAP EBT card systems, including the issuance, processing, and security of SNAP benefits. In New Mexico, HCA contracts with Fidelity National Information Services, a multinational financial technology corporation, to provide SNAP EBT card services including the issuance of EBT cards, the deployment of certified point-of-sale terminals for SNAP-authorized retailers, and the maintenance of data for required reporting. HCA’s contract with Fidelity National Information Services began in FY24 and will remain in effect through FY27 for a total of \$7.9 million, which equates to a cost of roughly \$1.9 million per year.

frequent card replacements, even dollar transaction amounts, multiple daily withdrawals, using cards at stores far away from the cardholder’s residence, or out-of-state EBT card use. The U.S. Government Accountability Office recommends using data analytics to discover potential fraud and target fraud investitive activities.^{xiv} For example, the Office of the Utah State Auditor used data-analysis to identify 636 SNAP recipients who made out-of-state purchases exclusively for six months.^{xv} HCA OIG should enhance its use of data analytics and the fraud risk assessments available from HCA’s EBT card contractor to identify high-risk anomalies and target investigative resources.

The U.S. Government Accountability Office recommends using data analytics to discover potential fraud and target investigative activities.

New Mexico SNAP EBT cards spent roughly \$7.1 million in other states, (predominately in Texas, Arizona, and Colorado) in January 2026, suggesting about \$85 million in SNAP benefits is annually spent out-of-state. Federal rules allow SNAP EBT cards to be usable at any authorized retailer in the country. However, a SNAP recipient is required to maintain permanent residence in the state where they are enrolled to receive SNAP benefits. Consistent out-of-state EBT card use may prompt a state agency to request proof of residence. Using a dataset from HCA’s EBT card contractor, LFC staff analyzed New Mexico SNAP card out-of-state spending for January 2026. Roughly 30.6 thousand New Mexico EBT cards across 162.5 thousand transactions spent \$7.1 million in January 2026. Although some New Mexico SNAP EBT card spending occurred in every state, the vast majority (86 percent) of out-of-state SNAP spending occurred in Texas (68 percent), Arizona (9 percent), and Colorado (9 percent). Annual out-of-state SNAP spending from New Mexico EBT cards would equate to roughly \$85.2 million annually. On average, New Mexico EBT cards spent \$250 out-of-state, ranging from many EBT cards (3,500 cards) spending under \$20 out-of-state to a few cards (56 cards) spending more than \$2,000 out-of-state. While out-of-state spending may simply reveal shopping patterns, it is best practice to continually monitor for high risk outliers.

Figure 19. New Mexico SNAP EBT Spending Out-of-State in January 2026 (Total = \$7.1 million)



Notes: Hawaii and Alaska are not shown on the figure for size and formatting reasons. In January 2026, \$9,225 and \$3,317 in New Mexico SNAP benefits were spent in Hawaii and Alaska respectively.

Source: LFC analysis of Fidelity National Information Services data.

Using fraud risk assessment data from HCA’s EBT card contractor, LFC staff identified a SNAP EBT card where approximately \$6,400 was spent in Kentucky and Ohio over the course of 26 transactions in 5 days in January 2026. The New Mexico EBT card with the most out-of-state SNAP spending in January 2026 spent about \$6,400 in Kentucky and Ohio. Specifically, the New Mexico EBT card spent \$6,190 in Kentucky across 24 transactions (averaging \$257 per transaction) on January 3, January 4, and January 7, 2026. The same card spent \$210 across two transactions in Ohio on January 19, 2026. The average number of out-of-state transactions for New Mexico EBT cards was five transactions, ranging from many cards with only 1 transaction to 67 cards with over 40

transactions. LFC staff notified HCA of these data outliers on March 26, 2026, to target further inquiry into high-risk transaction patterns.

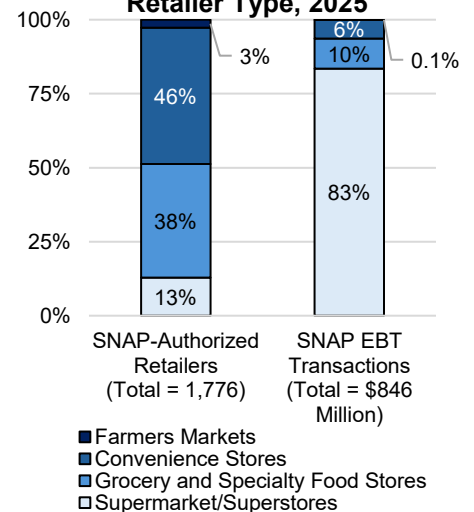
The lack of state or federal data on what food items are actually purchased with SNAP benefits poses a program integrity risk around potential retailer fraud and SNAP trafficking.

New Mexico’s SNAP program relies on a network of USDA-authorized retailers that processed \$846 million in SNAP transactions in 2025, with most spending occurring at supermarkets and superstores. Although USDA and states collect detailed transaction amount data to reimburse retailers and monitor suspicious activity, they do not collect information on what specific food items are purchased with SNAP benefits. The absence of systematic food item purchase data limits oversight, complicates enforcement of food restrictions, and increases vulnerability to retailer fraud and trafficking schemes. LFC staff also identified smoke shops with unusually high SNAP transaction volumes despite an apparent focus on non-food products, highlighting potential program integrity concerns and the need for enhanced EBT transaction data collection.

Roughly 250 thousand retailers across the country, including about 1,800 retailers in New Mexico, are authorized by USDA to receive SNAP funds through EBT cards. USDA, not HCA, authorizes retailers to be reimbursed with federal SNAP funds for purchases through EBT cards if retailers meet certain eligibility criteria. Specifically, retail stores are eligible to receive SNAP funds if they either offer a balanced inventory of at least 36 staple food products (breads, meats, fruits, vegetables, and dairy products) or if the store’s gross retail sales from staple food items are more than half of the retailer’s gross retail sales. Retailers provide this information to USDA through an application and may receive a USDA site visit to check program compliance. SNAP-authorized retailers are responsible for obtaining point-of-sale equipment capable of processing EBT transactions. SNAP-authorized retailers are also responsible for ensuring their food scanners and employees correctly identify allowable food-items for SNAP. On a daily basis, state EBT systems transmit SNAP transaction amount data to USDA for reimbursement purposes.

New Mexico’s roughly 1,800 SNAP-authorized retailers processed \$846 million in SNAP transactions in 2025 with most of the dollars going to 229 supermarkets and superstores. According to data from HCA’s EBT contractor Fidelity National Information Systems, there were 1,776 SNAP authorized retailers located in New Mexico in 2025. Most SNAP retailers (84 percent or 1,499 stores) were either convenience stores, grocery stores, or specialty food stores. Supermarkets and superstores were a smaller proportion of the state’s number of SNAP-authorized retailers (13 percent or 229 stores). Farmers markets were about 3 percent (48 markets) of the state’s total number of SNAP-authorized retailers Altogether, New

**Chart 32.
New Mexico SNAP-
Authorized Retailers and
SNAP EBT Revenue by
Retailer Type, 2025**



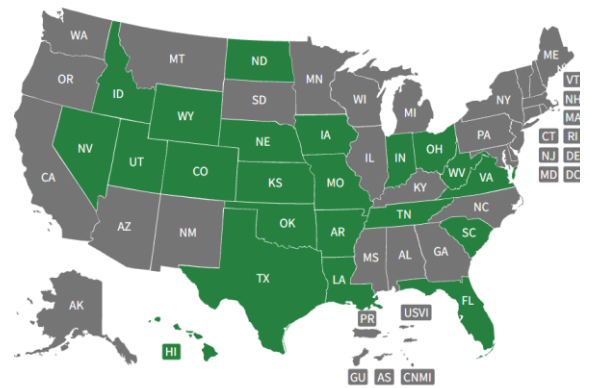
Source: LFC analysis of HCA data.

Program Evaluation: SNAP Administration and Performance

Mexico’s SNAP-authorized retailers processed \$846 million in SNAP transactions in 2025. The vast majority of SNAP transactions (84 percent or \$706 million) occurred at supermarkets and superstores. About 16 percent of SNAP transactions (or \$139 million) occurred at convenience stores, grocery stores, and other food stores. A small proportion of SNAP transactions (0.1 percent or \$592 thousand) occurred at farmers markets.⁷

Although SNAP transaction amount data is collected, the federal government and states do not collect data on what specific food items are purchased with EBT cards. USDA receives daily SNAP transaction amount data from every state’s EBT system through a system called the Store Tracking and Redemption System (STARS) to facilitate the federal reimbursement of authorized retailers. USDA also uses a different IT system called ALERT (Antifraud Locator using EBT Retailer Transactions) to analyze the transaction amount data and flag anomalies to federal investigators.^{xvi} Despite this extensive data collection on transaction amounts, USDA does not currently collect data on what specific food items are purchased with SNAP.^{xvii} For this program evaluation, LFC staff requested SNAP food item purchase data from both HCA and USDA and were informed food item purchase data was not available and would need to be collected directly from retailers. SNAP-authorized retailers are required to retain internal records of SNAP purchase invoices for at least 1 year.

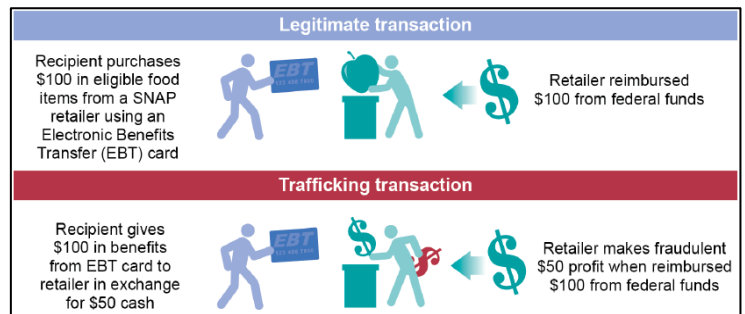
Figure 20. States with SNAP Policy Waivers Restricting Certain Food Items, April 2026



Source: USDA.

Despite the absence of data on SNAP food item purchases, the federal government has approved SNAP policy waivers in 22 states restricting specific food items like soda and candy. Implementing food item restrictions for SNAP in the absence of food item purchase data will likely create challenges for compliance monitoring, program integrity, and data-driven decision making. USDA’s most recent study comparing the food purchasing patterns of households receiving SNAP and not receiving SNAP was published in 2016 using proprietary data from 2011 from a national retailer (See Appendix M for more research information on SNAP food purchases, diet quality, and food restrictions).

Figure 21. Example of a Legitimate SNAP Transaction and a SNAP Retailer Trafficking Transaction



Source: Source: U.S. Government Accountability Office. Report #GAO-19-167 SNAP: Actions Needed to Better Measure and Address Retailer Trafficking. p.6.

⁷ New Mexico has a state supported nutrition incentive program, called Double Up Food Bucks, which matches SNAP EBT card spending at local farmers markets. The program is managed by the New Mexico Farmers’ Marketing Association, a nonprofit, in partnership with the New Mexico Department of Agriculture. For FY27, the Legislature appropriated \$1 million in state dollars to support the program.

Not collecting data on what food items are purchased with SNAP benefits leaves the program more vulnerable to various types of retailer fraud and trafficking. Retailer fraud can occur if a retailer knowingly charges an EBT card for unallowable items (such as alcohol or tobacco) and then later gets reimbursed with federal SNAP funds based on the EBT card transaction amount data. Additionally, a retailer also might charge \$100 to a recipient’s SNAP EBT card and then give the recipient \$50 in cash instead of \$100 in food. In such an instance of retailer SNAP trafficking, the federal government would reimburse the retailer \$100 resulting in a fraudulent \$50 profit to the retailer.^{xviii}

LFC staff identified two smoke shops among New Mexico’s SNAP-authorized retailers that each received seven times more SNAP revenue than the average SNAP-authorized convenience store and whose business focus appears to be primarily on non-food items. LFC staff identified two smoke shops on New Mexico’s list of SNAP-authorized retailers with significant SNAP revenue. According to 2025 data from HCA’s EBT Contractor, both smoke shops are categorized by the USDA as convenience stores. Convenience stores are federally defined as selling grocery items in limited amounts while also selling a large variety of SNAP ineligible products (such as alcohol or tobacco). In 2025, New Mexico SNAP-authorized convenience stores had a statewide average of \$66.4 thousand in annual SNAP sales. The two SNAP-authorized smoke shops identified by LFC staff reported significantly higher SNAP transaction amounts (\$436 thousand and \$443 thousand) than the state averages for convenience stores (\$66.4 thousand), medium-sized grocery stores (\$172 thousand), or combination grocery/general stores (\$127 thousand). The two identified smoke shops each had seven times more SNAP revenue than the average SNAP-authorized convenience store in New Mexico. The two identified smoke shops with relatively high SNAP sales are both located in an urban area with other food retailers available in the area. Photos from the two smoke shops’ online business profiles compiled by LFC staff indicate the majority of the smoke shops’ advertising is focused on non-food items rather than food items. Out of 81 photos from the smoke shops’ online business profiles, only two photos focused on food items and allowable beverages (water and soda). LFC staff notified HCA of these data outliers on March 3, 2026, to investigate further and notified USDA in June 2026. To facilitate enhanced compliance monitoring and program integrity safeguards, HCA should modify its contract with its EBT card contractor to collect data on the types of food items that are purchased with SNAP benefits.

Chart 33. 2025 SNAP Transactions for Identified Smoke Shops and Certain Retailer Category Averages in New Mexico.
(in thousands)



Note: Smoke Shop #1 and #2 are categorized by USDA as convenience stores.

Source: LFC analysis of HCA EBT data.

Figure 22. Smoke Shops on List of SNAP-Authorized Retailers in New Mexico



(Smoke Shop #1: 2025 SNAP Transactions = \$435,999)



(Smoke Shop #2: 2025 SNAP Transactions = \$442,539)

Source: Google Maps and HCA data.

New Mexico recently directed funds to upgrading the security of SNAP EBT cards to prevent and reduce card skimming machines.

Card skimming and related theft schemes result in the loss of an estimated \$144 million in SNAP benefits nationally and about \$1 million annually in New Mexico, affecting roughly 1 percent of SNAP households. Because most SNAP EBT cards still rely on magnetic stripe technology, they are more vulnerable to theft than chip-enabled cards with encrypted security features. In response, the Legislature appropriated \$5.4 million in FY27 for HCA to replace New Mexico’s magnetic stripe EBT cards with chip-enabled cards and implement related security upgrades intended to reduce SNAP benefit theft.

“Card skimming” is a type of SNAP theft which costs around 1 percent of SNAP households \$144 million nationally and \$1 million in New Mexico each year, based on data from reported and validated claims of stolen benefits. Card skimming occurs when a reader device is placed on a retailer’s point-of-sale equipment and collects key card information, such as an account number and personal identification number (PIN) data, when a person swipes their card during transactions. Thieves can then use the key information skimmed from reader devices to steal money from skimmed cards. In 2022, Congress made federal funding available for the replacement of SNAP EBT card benefits stolen from card skimming or other scams from October 2022 through December 2024. The federal legislation required state agencies to validate the reported claims of SNAP benefits stolen during this timeframe before any benefits could be reimbursed with federal funds. The federal government provided \$323 million to replace SNAP benefits for 404 thousand validated claims of stolen benefits over a 27 month timeframe. This data suggests roughly \$144 million in SNAP benefits is stolen nationally from 302 thousand SNAP households (or 1.4 percent of national SNAP households) on an annual basis. For New Mexico, the federal government replaced \$2.3 million for 4,600 validated reports of stolen SNAP benefits over 27 months, suggesting around 2,000 New Mexico SNAP households (or 0.8 percent of New Mexico SNAP households) lose \$1 million in SNAP benefits annually.

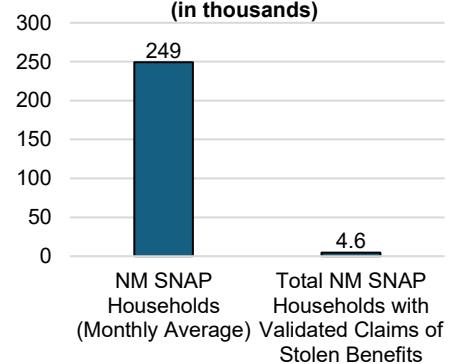
The federal government has strongly encouraged but not yet required (as of early March 2026) states to implement electronic chips on SNAP EBT cards to reduce SNAP benefit theft through card skimming machines. According to the U.S. Government Accountability Office and the USDA, SNAP EBT cards are often a target for theft because most EBT cards do not have certain theft-prevention measures, such as embedded microchips with encrypted data, that are standard in the commercial debit and credit card industry to help prevent card skimming.^{xix} Specifically, most SNAP EBT cards currently store account information on the electronic stripe on the back of the card which are more vulnerable to skimming than cards storing information on microchips with encryption and tap

Figure 23. Sample Card Skimming Devices Used at Retail Point-of-Sale Terminals



Source: U.S. Government Accountability Office. Report #GAO-25-107964 SNAP EBT Card Security, p.3.

Chart 34. New Mexico Total SNAP Households and Households With Validated Claims of Stolen Benefits, Oct 2022-Dec 2024 (in thousands)

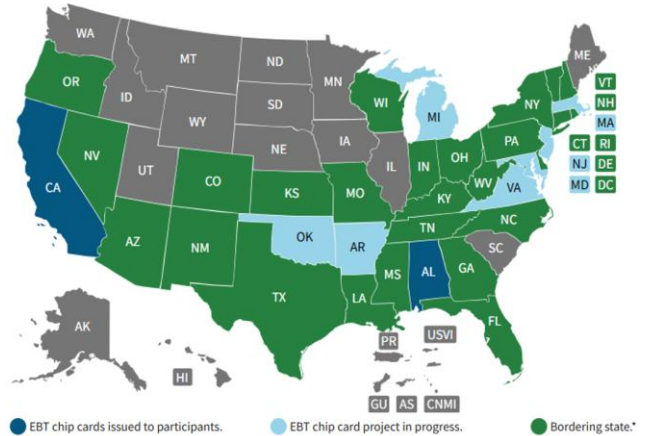


Source: LFC analysis of USDA data.

technology. In late August 2024, the USDA published new technical standards for the implementation of EBT cards with chip technology and issued letters to states in November 2024 urging states to adopt the new SNAP EBT standards and procure chip cards. According to the USDA website, two states (Alabama and California) have issued EBT chip cards to SNAP participants and seven states (Arkansas, Massachusetts, Maryland, Michigan, New Jersey, Oklahoma, and Virginia) currently have an EBT chip card project in progress. There are 27 states (including New Mexico) that border another state in the process of implementing EBT chip cards whose SNAP-authorized retailers are federally required to accept out-of-state EBT chip cards.

During the 2026 regular legislative session, the Legislature provided HCA with a \$5.4 million nonrecurring general fund appropriation in FY27 to replace all magnetic stripe EBT cards with electronic chip EBT cards as a way to reduce SNAP benefit theft. During the 2026 regular legislative session, the Legislature passed a state budget for FY27 which included a nonrecurring special appropriation for \$5.4 million for HCA to implement “security enhancements of the electronic benefits transfer card.” HCA described in its budget request for FY27 that a \$5.4 million general fund appropriation would cover one-time fees from HCA’s EBT contractor, Fidelity National Information Services, to replace magnetic stripe EBT cards with EBT chip cards. HCA reported that the appropriation would also cover the contractual costs of retailer notification and testing, the destruction of old cards, replacement of disaster EBT cards, upgrading retailer point of sale machines for farmers markets, and having a dedicated team to troubleshoot issues during the transition. HCA should fully replace all New Mexico SNAP EBT cards with magnetic stripe technology with EBT cards that have embedded, encrypted microchip technology, using the nonrecurring \$5.4 million special appropriation from the general fund, by the end of FY27.

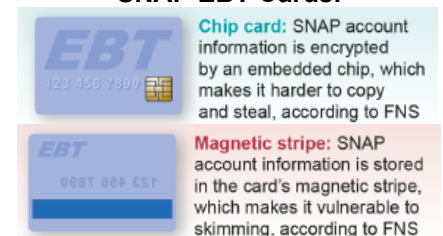
Figure 24. Map of SNAP EBT Chip Card Modernization by State, March 2026.
(Does not Reflect Recent New Mexico Efforts)



*Retailers in states that border a state with an EBT chip card project must be prepared to accept out-of-state EBT chip cards even though their state does not have EBT chip cards implemented.

Source: USDA.

Figure 25. Security Features of SNAP EBT Cards.



Source: U.S. Government Accountability Office. Report #GAO-25-107964 SNAP EBT Card Security, p.5.

Recommendations

The Legislature should consider:

- Amending the Health Care Authority Act (Chapter 9, Article 8, NMSA 1978) to require the HCA Office of Inspector General to annually report to LFC and the public on, disaggregated by program, the number of fraud referrals it receives, the number of fraud investigations it completes, the number of its investigations that substantiated alleged fraud, the number and length of program disqualifications that occurred as a result of investigative activities, the amount of fraudulent funds recovered, and any procedural actions the agency has taken to mitigate future fraud risk; and
- Amending state law (Chapter 9 NMSA 1978) to institutionalize and require best practices for state government Offices of Inspector General, including the development and publishing of annual workplans, ensuring internal audit functions follow generally accepted audit standards, and requiring work plans, annual reports, and performance metrics be made available to the public.

The Health Care Authority (HCA) should:

- Require regular standardized data matches or verifications to double check household composition data in SNAP case files to prevent the misreporting of household composition information (the most common type of confirmed SNAP intentional program violation resulting in disqualification);
- Enhance its use of data analytics and the fraud risk assessments available from HCA's EBT card contractor to identify high-risk anomalies and target investigative resources;
- Require its OIG to develop a written workplan approved by the HCA Secretary each year and post its workplans online;
- Modify its contract with its EBT card contractor to collect data on the types of food items that are purchased with SNAP benefits; and
- Replace all New Mexico SNAP EBT cards with magnetic stripe technology with EBT cards that have embedded, encrypted microchip technology, using the nonrecurring \$5.4 million special appropriation from the general fund, by the end of FY27.

Agency Response



HEALTH CARE
AUTHORITY

Michelle Lujan Grisham, Governor
Kari Armijo, Secretary
Kathy Slater Huff, Deputy Secretary
Niki Kozlowski, Acting Deputy Secretary

June 10, 2026

To: Charles Sallee, Director
Legislative Finance Committee

From: Kari Armijo, Secretary
Health Care Authority

Subject: Response to the LFC SNAP Evaluation

The New Mexico Health Care Authority (HCA) appreciates the time and effort invested in conducting the SNAP evaluation. HCA is committed to delivering timely, accurate, and federally compliant benefits to eligible New Mexicans.

SNAP is one of the most administratively complex public assistance programs due to extensive federal regulations, evolving policy requirements, and the need to evaluate diverse and often changing household circumstances while maintaining program integrity and payment accuracy.

In New Mexico, SNAP serves approximately 243,876 households and 441,971 individuals. Eligibility determination requires significant training and experience. On average, eligibility workers require approximately one-year, post-training, to achieve full self-sufficiency. Staff must learn and consistently apply complex federal rules, including income methodologies, deductions, work requirements, verification standards, and policy exceptions, while developing the judgment needed to assess unique household circumstances accurately.

As noted in the report, HCA has operated under a longstanding federal class action consent decree requiring timely and accurate processing of SNAP and Medicaid applications. In 2020, a federal court found the Department in compliance with the timeliness requirements of the decree. While HCA operates within the framework of this federal oversight, its commitment to timely and accurate benefit delivery is grounded in its core mission and responsibility to serve eligible New Mexicans efficiently and in full compliance with federal requirements.

During the COVID-19 public health emergency, the United States Department of Agriculture (USDA) Food and Nutrition Service (FNS) authorized multiple waivers to maintain access to benefits, including extended certification periods, modified interview requirements, and temporary verification flexibilities. While these flexibilities supported continuity of benefits

during an unprecedented period, they also reduced opportunities to routinely update household information, contributing to increased payment error rates nationwide.

Following the end of the public health emergency, HCA experienced operational challenges as normal eligibility and verification requirements were reinstated while rebuilding staffing capacity. A significant number of newly hired eligibility workers required training and supervision, which contributed to processing delays and increased error risk during the transition period.

More recently, federal changes, including those enacted through H.R. 1, have added administrative complexity, including enhanced reporting, tracking, and compliance requirements. While these changes may affect caseload over time, they also increase workload associated with eligibility determinations and program administration.

Reducing the SNAP Payment Error Rate (PER) remains a top priority for HCA. Over the past several years, ISD has actively collaborated with federal partners, participated in national conferences and workgroups, and engaged with other states to identify best practices, innovative approaches, and system improvements aimed at strengthening program integrity and improving payment accuracy.

HCA continuously conducts root cause analyses of payment errors. In FFY2024, client-caused errors made up 65% of total errors, while agency caused errors made up 35%. Of the client-caused errors, 27% were caused by information that was not correctly reported by clients. Of the agency-caused errors, the highest percent of errors (9.58%) were caused by the agency not acting on client-reported information.

HCA agrees with many of the report's recommendations and has already implemented, or is actively implementing, numerous initiatives, including:

- **March 2026:** HCA implemented several operational changes to strengthen management of field offices, including root cause analysis, targeted training based on error trends, staff feedback to improve accountability and oversight.
- **May 2026:** HCA completed the removal of self-reported/self-attestation as verification for income deductions, specifically utilities, shelter and dependent care. This is one of the largest drivers of payment errors.
- **June 2026:** HCA began proactive pre-disposition case reviews.
- **July 2026:** HCA is scheduled to begin the replacement of EBT cards from magnetic stripe to chip technology. The agency is also scheduled to begin several system enhancements designed to reduce payment errors and improve eligibility determinations.
- **For several years,** ISD has worked collaboratively with the New Mexico Gaming Control Board to establish a data-sharing agreement that would support program integrity efforts. While significant collaboration has occurred, the agreement has not yet been finalized due to operational, technical, legal, and resource constraints. ISD

continues to engage with both the Gaming Control Board and USDA Food and Nutrition Service (FNS) to identify solutions and advance implementation.

- Key challenges identified by the Gaming Control Board include:
 - Limited system capabilities to support data sharing
 - Costs associated with required system enhancements
 - Competing technology priorities and existing system development efforts
 - Pending legal and policy determinations related to data sharing
 - Limited staffing and resources available to dedicate to the project
- **Ongoing:** Exploration of artificial intelligence and machine learning tools to identify discrepancies and support quality assurance activities;
- **Current:** Analysis being done on various investigation processes to include enhancing the use of data analytics and the fraud risk assessments available from HCA's EBT card contractor to identify high-risk anomalies and target investigative resources.

HCA currently utilizes several different verification data sources to verify different elements of a case and is actively exploring different data sources and vendor solutions to support additional verification activities through the implementation of an expanded Verification Hub. This will provide eligibility workers with more efficient access to available verification information and is part of the HR1 work for Medicaid Community Engagement (CE). Depending on the solutions secured and sources available this may expand verification solutions. It will be integrated into our existing system to provide a Central Source of Verifications simplifying the verification process and gaining efficiencies.

Determining SNAP household composition is one of the most complex aspects of eligibility determination and often requires discussion with the customer to apply federal household composition rules. SNAP eligibility is based not only on residency, but also on mandatory household member requirements and whether individuals customarily purchase and prepare food together. HCA currently utilizes multiple data sources to verify the necessary information to determine eligibility, and will continue evaluating additional data sources, including those identified by LFC, to determine if they are accurate and useful. While motor vehicle registration data may provide useful leads in some circumstances, it is not, by itself, a definitive source for determining SNAP household composition; it is not real time data and is often outdated. It is important to be aware that there is no known accurate data source that can be used to confirm household composition for SNAP. The agency uses household composition data from existing sources – including Medicaid and other programs administered by the HCA – to inform SNAP household composition decisions. The agency's verification sources and methodology are all federally approved.

ISD has implemented proactive pre-disposition case reviews to flag error trends and address targeted training. NM HCA began transitioning in January 2026 from post-disposition to pre-

disposition case reviews through development of a risk-based model to identify cases with a higher likelihood of payment error. The model has been under testing since March 2026 and will continue through September 2026, with a planned system enhancement in January 2027 to automatically flag and place high-risk cases on hold.

As an interim step, HCA implemented a manual pre-disposition review process beginning June 2026. This process uses existing system functionality to refer recertifications with benefit allotments over \$450 for second-party review by the Accuracy Improvement Team (AIT), with findings used for coaching and corrective action. Analysis of FFY 2024 Quality Control data indicates that cases with allotments above \$450 accounted for approximately 60 percent of the overall payment error rate. Modeling suggests that reviewing and correcting even 50 percent of these cases prior to disposition could have reduced the overall error rate to approximately 9.07 percent.

The report notes that in FFY 2024, five field offices (Valencia, Santa Fe, Taos, Lea, and San Juan) accounted for approximately 16 percent of SNAP cases but about one-third of SNAP payment dollar errors. The SNAP Quality Control (QC) sample is drawn randomly each month from the statewide universe of active SNAP cases. As a result, statistical variation in sample selection and differences in household benefit amounts can contribute to fluctuations in error distribution across field offices in a given year. When evaluated over a broader timeframe and compared to statewide performance, the error rates for these offices are generally consistent with statewide trends. In FFY 2023, these five offices had an error rate of 19.2 percent compared to 19.3 percent statewide. In FFY 2025, the same offices recorded an error rate of 22.0 percent compared to 22.1 percent statewide. HCA supports efforts to identify innovative approaches to strengthen program integrity and better understand SNAP benefit utilization. The ISD reached out to FNS who provided information around the collection of SNAP EBT transactions. FNS National Office has received similar requests from States in the past and provided this response: *“Item level (purchase) data is not transmitted as part of a SNAP EBT transaction, so FNS does not have that data.”*

SNAP EBT transactions function similarly to debit card transactions. The transaction record includes the total purchase amount, retailer, and transaction date, but not the specific items purchased. Retailers are not federally required to provide item-level purchase data to states. USDA FNS is responsible for authorizing and monitoring SNAP retailers for program compliance and taking enforcement actions when violations occur. States are responsible for administering SNAP eligibility and benefits and do not oversee retailer compliance.

HCA agrees that providing staff with clear, comprehensive, and accessible policy guidance is critical to ensuring consistent eligibility determinations and reducing payment errors. SNAP policy is established through federal regulations and guidance, as well as the New Mexico Administrative Code (NMAC), both of which are publicly available and serve as the authoritative sources for program policy.

ISD maintains the QuiKGuide, an internal operational procedures manual used by eligibility workers. The QuiKGuide is updated on a regular basis to reflect changes in policy, procedures, and system functionality, and staff are notified when updates occur. In addition to procedural guidance, the QuiKGuide includes training materials, job aids, and other tools to support staff in applying SNAP policy consistently. Developing and maintaining a separate publicly available SNAP policy and procedure handbook would require significant and ongoing resources to ensure accuracy, timeliness, and usability. Its effectiveness would also depend on consistent staff utilization. HCA's current approach prioritizes providing timely operational guidance through established internal tools and communications, while relying on federal regulations and NMAC as official and authoritative policy sources.

HCA agrees with USDA that performance monitoring, root cause analysis, targeted training, and continuous feedback are critical components of reducing SNAP payment errors and improving program accuracy. During the COVID-19 public health emergency, Medicaid Unwinding, and the subsequent effort to eliminate all application backlogs, operational priorities were necessarily focused on restoring timely access to benefits and returning the program to normal operations. While case reviews and root cause analysis continued during this period, available resources were largely dedicated to timely case processing and backlog reduction.

As backlog levels declined and timeliness improved, HCA was able to expand its focus on payment accuracy and implement a more comprehensive quality improvement framework. As part of its Payment Error Rate (PER) Reduction Plan, HCA has developed enhanced monitoring, mentoring, feedback, and performance tracking processes designed to support the goal of reducing the SNAP PER to below six percent.

These efforts are informed by USDA Food and Nutrition Service guidance, including *Keys to Payment Accuracy* (March 2024) and the *Supplement for Payment Accuracy and Timeliness* (2025). In addition, Quality Improvement Section (QIS) staff meet monthly with the Training Support Bureau to review current error trends, identify root causes, and develop targeted training strategies. QIS Management Evaluations conducted in field offices also include individualized assessments and recommendations to address office-specific training and performance needs.

Errors are systematically tracked and reported to county office managers to support ongoing coaching and staff development. When performance issues persist despite coaching and training, employees are addressed through the State's progressive disciplinary process, which includes performance improvement plans and may result in further disciplinary action, up to and including dismissal.

Errors identified through weekly field office case reviews, AIT reviews, and Quality Control findings are analyzed in collaboration with the TSB on a monthly basis. These analyses are

used to identify trends and develop targeted training, which is then delivered to staff through multiple training platforms and communication channels.

Individualized scorecards will be in development using the data from predisposition reviews, Supervisor second party reviews and Quality control federal reviews. The data collected will provide each worker with some insight on how they are performing from a quality perspective. Each score card will include an individualized payment error rate and will allow the agency to develop and implement trainings that are specific to each caseworker. Individualized coaching sessions that are developed from the scorecard will ensure that each work understands their performance and what opportunities they have to improve. Scorecards are an important part of the cycle of PER improvement and will be vital in not only reducing the error rate but also maintaining a low error rate.

HCA tracks SNAP payment error rates by field office to support statewide performance monitoring and resource allocation. Field office codes used in SNAP performance reporting are assigned based on client geographic location, which also supports Quality Control (QC) staffing needs for conducting required case reviews and home visits across the state.

The QIS tracks AIT reviews and Second Party Reviews (SPR) by the location of the eligibility worker who processed the case. This internal review data allows for more timely identification of error trends, as it is not subject to the federally required QC review timeframe of up to 115 days.

All available data sources, including QC findings, AIT reviews, and SPR results, are used collectively to identify trends and inform training and corrective action strategies. QAB meets monthly with the TSB to review error trends and develop targeted training initiatives based on identified needs.

Page 8 of the draft evaluation discusses HCA's initial estimate that expanded federal SNAP work requirements effective January 1, 2026, could affect approximately 56,000 New Mexicans and potentially result in more than 20,000 individuals losing SNAP eligibility. Additional analysis is needed before attributing changes in SNAP participation to the expanded work requirements. Individuals newly subject to the requirements on January 1, 2026, were generally eligible for up to three countable months before losing eligibility due to noncompliance. Also, the changes did not impact current SNAP recipients until their recertification month. As a result, individuals who did not meet the requirements would not generally have lost eligibility until April 2026 or later. Therefore, the reported decrease of approximately 29,000 SNAP recipients between January 2026 and March 2026 occurred prior to the point at which most individuals affected by the expanded work requirements would have exhausted their allowable months of eligibility. HCA believes additional analysis is necessary to determine the factors contributing to the January-to-March caseload decline and to accurately assess the impact of the H.R. 1 work requirement changes.

HCA is committed to strengthening workforce development opportunities and expanding access to supportive services to help individuals subject to SNAP work requirements successfully comply with program rules. To support these efforts, HCA has partnered with the Department of Workforce Solutions to connect impacted individuals with employment and training resources. Additionally, effective May 1, 2026, HCA expanded the availability of the SNAP Employment and Training (E&T) program, providing additional pathways for individuals to meet work requirement obligations while developing skills that support long-term self-sufficiency.

HCA acknowledges the program integrity risks identified in the report, including opportunities to strengthen the investigation of potential recipient fraud, retailer fraud, SNAP trafficking, benefit theft, and other improper activities. While the report notes relatively low levels of confirmed fraud, HCA recognizes that effective program integrity requires both strong prevention measures and a robust investigative function capable of identifying and acting on credible fraud indicators.

In response, the HCA Office of Inspector General (OIG) has initiated a comprehensive review of investigative processes, referral management practices, staffing utilization, and operational procedures. Under new leadership, the OIG is evaluating opportunities to improve efficiency and effectiveness of its investigative processes through several internal review mechanisms. This includes analyzing case-flow and process-mapping data to identify bottlenecks and ensure investigations progress in a timely and consistent manner. OIG is also reviewing timeliness benchmarks such as case assignments and completion intervals to determine where procedural refinements may be needed. In addition, OIG is assessing the effectiveness of referral screening to ensure high risk cases are prioritized and low risk referrals are appropriately dispositioned. The OIG is also enhancing the performance of data-matching and analytics tools to ensure they produce accurate and actionable leads, while monitoring investigator workload distribution to maintain balanced caseloads and reduce processing delays. Collectively, these activities support a structured, data-informed approach to strengthening investigative efficiency and maintaining strong program integrity. OIG will continue to review this process on an ongoing basis, using performance metrics, internal control assessments, and feedback from operational outcomes to identify emerging risks and opportunities for improvement. This continuous review cycle ensures that investigative practices remain effective, compliant, and responsive to evolving program integrity needs, enhance case prioritization, strengthen referral screening, and leverage automation and artificial intelligence tools where appropriate to support investigative activities and maximize available resources.

HCA has already implemented changes to strengthen the identification and pursuit of Intentional Program Violations (IPVs). Updated guidance and procedures have been provided to ISD staff to improve the identification and referral of potential IPVs identified through QC reviews, case reviews, and other program integrity activities. HCA is responsible

for investigating allegations of SNAP fraud and pursuing appropriate actions through Administrative Disqualification Hearings (ADHs) and, when warranted, referral to a court of appropriate jurisdiction. The OIG is also enhancing its internal review procedures to ensure referrals are evaluated consistently, investigations are initiated when appropriate, and potential fraud indicators receive timely follow-up.

HCA recognizes the importance of monitoring EBT transaction activity that may indicate potential trafficking or other improper use of benefits. At the same time, the Authority understands that many New Mexico households, particularly those living near state borders, may appropriately shop in neighboring states. The report identified approximately \$7.1 million in SNAP benefit redemptions occurring outside New Mexico. In response, HCA has initiated discussions with its EBT vendor to evaluate available tools, associated costs, and operational considerations related to monitoring out-of-state transactions. Additionally, the OIG will strengthen its review of transaction data to better identify patterns that warrant further examination, including unusual redemption activity, repeated high-dollar transactions, or usage patterns inconsistent with a household's reported circumstances. The OIG will also evaluate how trafficking cases can be incorporated into its investigative workload given current staffing limitations, ensuring that potential trafficking indicators are appropriately assessed and prioritized. When appropriate, these reviews may result in formal fraud investigations. HCA remains committed to strengthening program integrity across all SNAP-related functions. Through enhanced investigative processes, improved referral management, expanded oversight activities, and continued collaboration between the OIG and ISD, the Authority is taking concrete steps to improve fraud detection, increase investigative effectiveness, and ensure SNAP benefits are administered appropriately for eligible New Mexicans.

HCA OIG recognizes that, over the years, the office has maintained an average of 29 budgeted positions despite increases in both SNAP participation and fraud referrals. Of those 29 positions, only eight are dedicated to investigating SNAP fraud along with fraud involving other public assistance programs administered by HCA. The remaining staff consist of fraud-intake analysts, auditors, Medicaid program integrity personnel, administrative and management. With only eight investigators responsible for SNAP fraud as well as all other public assistance programs, the OIG must prioritize cases based on available resources, which limit the ability to investigate every referral, respond to rising caseloads, or proactively identify emerging trends. Understanding these constraints is essential for accurately evaluating workload, performance, and expectations placed on the OIG.

Sincerely,



Kari Armijo, Secretary
Health Care Authority

Appendix A. Evaluation Scope and Methodology

Evaluation Objectives

- Assess SNAP performance, including major cost-drivers and program outcomes;
- Review SNAP processes, staffing, and operational capacity; and
- Evaluate SNAP program integrity, including fraud, waste, abuse, and accuracy.

Scope and Methodology

- Reviewed HCA SNAP corrective action plans, operational plans, quality control sampling and methodology plans, field office management and evaluation reports, monthly statistical reports, performance reports, and caseworker training materials.
- Analyzed SNAP operational, financial, and programmatic data from HCA and USDA, including data from the New Mexico Statewide Human Resources Accounting and Reporting (SHARE) system, USDA SNAP Quality Control System data, and USDA SNAP State Activity Reports.
- Interviewed HCA staff responsible for different aspects of SNAP administration, including field office operations, program policy, quality assurance and compliance, and staff training and support.
- Interviewed staff from the HCA Office of Inspector General (OIG).
- Analyzed data from the HCA OIG regarding SNAP fraud referrals and investigations.
- Analyzed data from the New Mexico Administrative Office of the Courts.
- Interviewed staff from the Department of Public Safety.
- Analyzed data from the HCA Office of Fair Hearings regarding SNAP disqualifications for intentional program violations (i.e., fraud).
- Conducted desk audit analyses of New Mexico SNAP-authorized retailer EBT card revenue data and New Mexico EBT card out-of-state expenditure data.
- Reviewed other research and reports on SNAP administration and governmental practices.
- Reviewed applicable federal and state laws, regulations, and policy guidance documents.

Evaluation Team

Clayton Lobaugh, Senior Program Evaluator
Alma Kassim, Program Evaluator

Authority for Evaluation

LFC is authorized under the provisions of Section 2-5-3 NMSA 1978 to examine laws governing the finances and operations of departments, agencies, and institutions of New Mexico and all of its political subdivisions; the effects of laws on the proper functioning of these governmental units; and the policies and costs. LFC is also authorized to make recommendations for change to the Legislature. In furtherance of its statutory responsibility, LFC may conduct inquiries into specific transactions affecting the operating policies and cost of governmental units and their compliance with state laws.

Exit Conference

The contents of this report were discussed with Kari Armijo, HCA Cabinet Secretary; Niki Kozlowski, HCA Income Support Division Director; and Eric Marquez, HCA Acting Inspector General on June 10, 2026.

Report Distribution

This report is intended for the information of the Office of the Governor, Department of Finance and Administration, Office of the State Auditor, and the Legislative Finance Committee. This restriction is not intended to limit distribution of this report, which is a matter of public record.



Rachel Garcia, ED.D.
Deputy Director for Program Evaluation

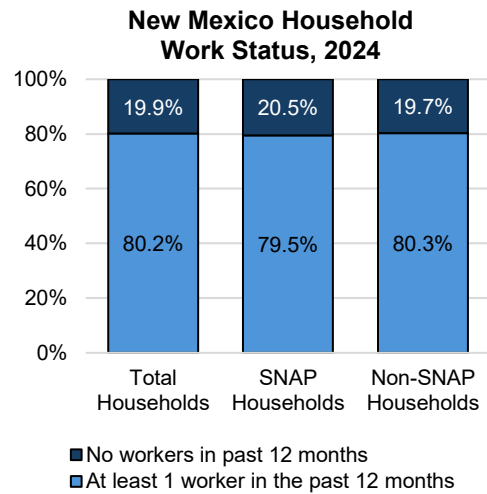
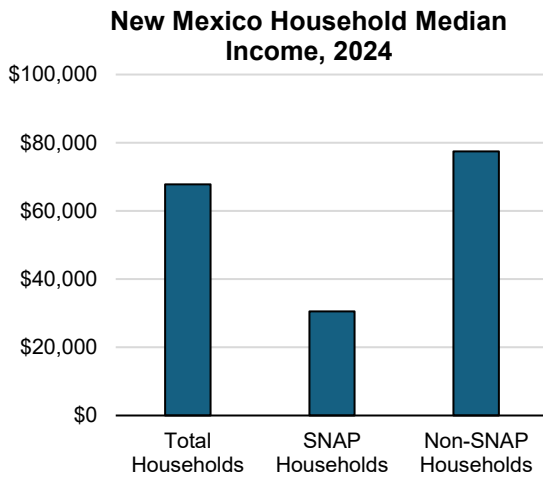
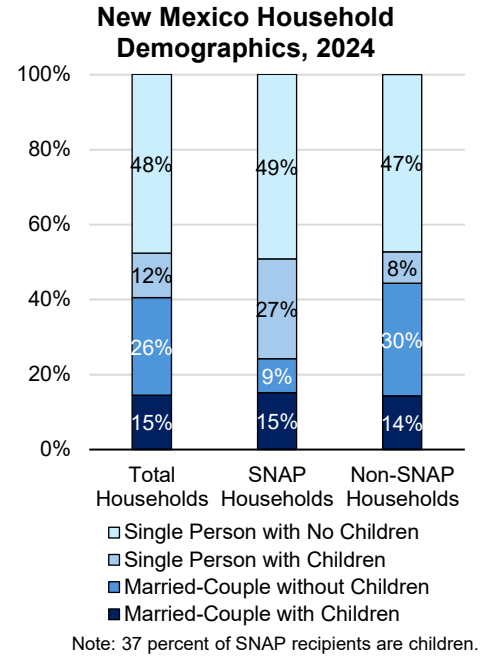
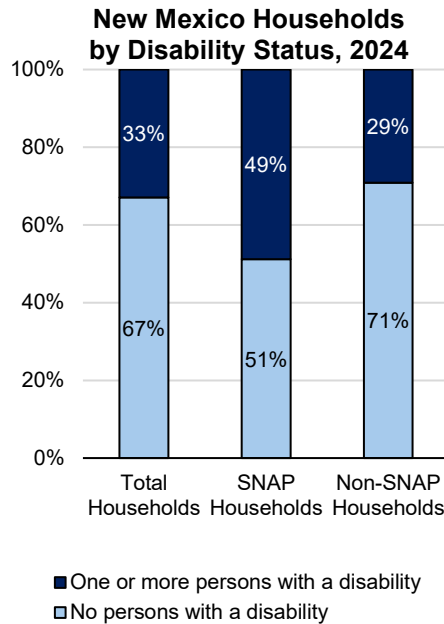
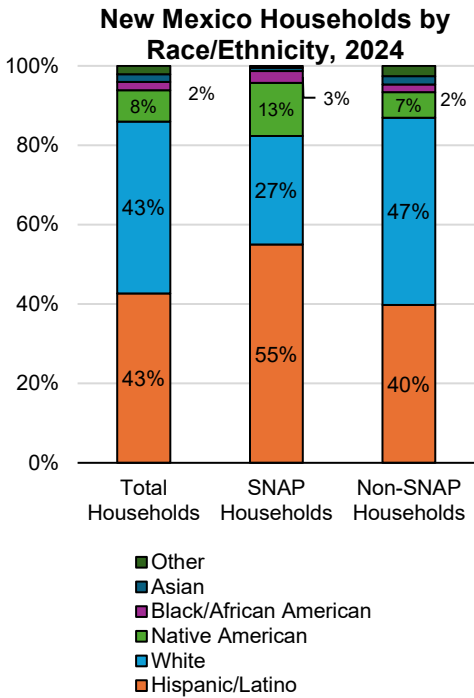
Appendix B. FFY26 Annual Income Eligibility Criteria for SNAP

FFY26 Annual Income Eligibility Guidelines for SNAP				
House-Hold Size	Federal Poverty Level (FPL) Yearly Income Standards			Maximum Potential SNAP Yearly Allotment
	100% FPL Net income	130% FPL Gross Income	200% FPL Gross Income for Categorical Eligibility	
1	\$15,660	\$20,352	\$31,320	\$3,576
2	\$21,156	\$27,504	\$42,312	\$6,552
3	\$26,652	\$34,656	\$53,304	\$9,420
4	\$32,160	\$41,796	\$64,320	\$11,928
5	\$37,656	\$48,948	\$75,312	\$14,196
6	\$43,152	\$56,100	\$86,304	\$17,052
7	\$48,660	\$63,252	\$97,320	\$18,852
8	\$54,156	\$70,404	\$108,312	\$21,468
+ Each Additional Person	\$5,508	\$7,152	\$11,016	\$2,616

Notes: Households may have \$3,000 in countable resources (such as cash or money in a bank account) or \$4,500 in countable resources if at least one member of the household is age 60 or older, or is disabled. These amounts are updated annually. However, certain resources are NOT counted when determining eligibility for SNAP, including a home, resources of people who receive Supplemental Security Income (SSI); resources of people who receive Temporary Assistance for Needy Families (TANF; also known as welfare); and most retirement and pension plans (withdrawals from these accounts may count as either income or resources depending on how often they occur). A household may be able to have more resources than the above limits and still be eligible for SNAP. Most state agencies have adopted broad-based categorical eligibility (BBCE), which allows state agencies to align income and resource limits with their TANF-funded programs. Under BBCE, households are categorically eligible for SNAP if they are eligible to receive a TANF or maintenance of effort (MOE) state-funded non-cash benefit. Even if a household meets the BBCE income and resource limits, a household will still need to meet non-financial eligibility rules and have an income low enough to receive SNAP benefits.

Source: LFC review of USDA information.

Appendix C. New Mexico SNAP and Non-SNAP Household Demographics Data, 2024



Source: LFC analysis of U.S. Census Bureau data.

Appendix D. Work Requirements Under Federal SNAP Rules

Federal SNAP rules define work broadly for purposes of the 80-hour monthly requirement for able-bodied adults without dependents (ABAWD), encompassing paid employment, unpaid volunteer service, and participation in approved training programs. Qualifying activity is not limited to traditional paycheck employment. Paid work at any wage level counts, including part-time jobs, gig work, self-employment, and farm or ranch labor. Unpaid volunteer hours also satisfy the requirement, such as serving as a volunteer firefighter, working at a food bank, volunteering at a church or library, or participating in park cleanups. Enrollment in approved training programs is a third path, including Commercial Driver's License (CDL) courses, Certified Nursing Assistant (CAN) certification, General Educational Development (GED) classes, or welding and Heating, Ventilation, and Air Conditioning (HVAC) trade programs through SNAP Employment and Training providers or American Job Centers. Individuals may combine hours across categories to reach the threshold. While H.R. 1 does not change the types of qualifying activities, the expanded age range (now 18–64), the narrowed caregiver exemption (the child must be under 14), and the reduced availability of work requirement waivers means more New Mexicans will need to document participation in these activities to maintain SNAP eligibility.

Table X. Qualifying Work Activities Under Federal SNAP Rules		
Paid Work	Volunteer Service	Training and Work Programs
<ul style="list-style-type: none"> • Employment (part-time or full-time) • Gig work or self-employment • Work for goods or services • In-kind work arrangement requirement. 	<ul style="list-style-type: none"> • Unpaid volunteer work. • Community service. • Court-ordered service hours. • Workfare • Religious organization volunteering. 	<ul style="list-style-type: none"> • SNAP Employment and Training Program. • Workforce Innovation and Opportunity Act (WIOA) or American Job Centers. • Trade Adjustment Act State or local work programs. • Job readiness or skills training.
Verify: Pay stubs, 1099, employer letter	Verify: Signed timesheet from the organization	Verify: Program enrollment records

Note: Stand-alone job search and job readiness activities do not qualify unless delivered through the WIOA; when provided through SNAP Employment and Training, job search may not exceed half of total combined monthly hours.

Source: USDA

Appendix E. Income Support Division Programs Population by County

County	Population	Population on SNAP	Percent of population on SNAP	TANF	Percent of population on TANF	Population on Medicaid	Percent of population on Medicaid
Bernalillo	676,444	128,358	17%	2,350	1.8%	210,175	31%
Catron	3,579	230	16%	0	0.0%	296	8%
Chaves	65,157	16,036	24%	298	1.9%	28,196	43%
Cibola	27,172	7,658	24%	85	1.1%	12,745	47%
Cofax	12,387	2,882	24%	55	1.9%	5,131	41%
Curry	48,430	14,373	22%	428	3.0%	25,356	52%
De Baca	1,698	220	24%	0	0.0%	205	12%
Dofia Ana	219,561	61,601	24%	1,128	1.8%	105,168	48%
Eddy	62,314	11,372	13%	177	1.6%	21,663	35%
Grant	28,185	6,139	20%	136	2.2%	10,822	38%
Guadalupe	4,452	1,202	33%	17	1.4%	2,198	49%
Harding	657	31	5%	0	0.0%	19	3%
Hidalgo	4,178	952	20%	0	0.0%	1,019	24%
Lea	74,455	16,607	18%	271	1.6%	29,754	40%
Lincoln	20,269	3,879	12%	48	1.2%	6,982	34%
Los Alamos	19,419	202	3%	0	0.0%	352	2%
Luna	25,427	9,802	26%	171	1.7%	16,026	63%
McKinley	72,902	24,006	38%	79	0.3%	38,846	53%
Mora	4,189	527	21%	0	0.0%	558	13%
Otero	67,839	11,748	22%	246	2.1%	20,673	30%
Quay	8,746	2,402	28%	70	2.9%	4,135	47%
Rio Arriba	40,363	11,286	19%	213	1.9%	18,473	46%
Roosevelt	19,191	2,175	21%	1	0.0%	1,883	10%
San Juan	121,661	21,743	23%	249	1.1%	53,081	44%
San Miguel	27,201	31,142	31%	110	0.4%	53,081	45%
Sandoval	148,834	7,452	13%	348	4.7%	42,881	29%
Santa Fe	154,823	18,836	11%	300	1.6%	35,959	23%
Sierra	11,576	4,341	16%	67	1.5%	8,459	73%
Socorro	16,595	4,575	21%	48	1.0%	7,471	45%
Taos	34,489	7,165	15%	90	1.3%	12,825	37%
Torrance	15,045	5,714	24%	108	1.9%	11,371	76%
Union	4,079	168	19%	0	0.0%	238	6%
Valencia	82,013	17,221	22%	292	1.7%	32,310	42%
Statewide	2,123,330	452,045	21%	7,385	0.3%	818,351	39%

Source: Census and HCA Data

Appendix F. County SNAP Retail Revenue by County

County	Number of SNAP Retail Stores	SNAP Retail Revenue	Total Food Spending	Percentage of Total Food Spending Spent on SNAP
Bernalillo	456	\$281,427,652	\$1,979,919,530	14.2%
Catron	7	\$318,995	\$4,098,454	7.8%
Chaves	70	\$32,300,367	\$157,863,484	20.5%
Cibola	29	\$16,079,976	\$52,848,984	30.4%
Colfax	24	\$3,503,750	\$23,362,274	15.0%
Curry	54	\$24,300,485	\$138,324,515	17.6%
De Baca	-	\$0	\$294,348	0.0%
Doña Ana	167	\$82,330,502	\$429,837,086	19.2%
Eddy	58	\$21,344,993	\$262,255,820	8.1%
Grant	25	\$11,515,314	\$73,796,930	15.6%
Guadalupe	20	\$1,476,440	\$5,503,525	26.8%
Harding	-	\$0	\$705	0.0%
Hidalgo	11	\$1,058,958	\$7,509,385	14.1%
Lea	84	\$30,717,727	\$235,361,936	13.1%
Lincoln	29	\$9,316,862	\$86,789,599	10.7%
Los Alamos	8	\$1,577,433	\$61,552,185	2.6%
Luna	28	\$18,853,048	\$69,805,210	27.0%
McKinley	85	\$46,857,225	\$203,141,836	23.1%
Mora	5	\$466,058	\$959,139	48.6%
Otero	45	\$19,633,727	\$177,476,293	11.1%
Quay	16	\$4,319,787	\$22,233,836	19.4%
Rio Arriba	45	\$18,540,416	\$82,291,636	22.5%
Roosevelt	17	\$8,097,329	\$45,299,266	17.9%
San Juan	135	\$60,781,392	\$239,982,268	25.3%
San Miguel	34	\$13,123,463	\$62,820,262	20.9%
Sandoval	75	\$34,606,006	\$355,440,539	9.7%
Santa Fe	85	\$38,440,622	\$536,167,807	7.2%
Sierra	17	\$6,050,242	\$36,795,036	16.4%
Socorro	21	\$7,965,829	\$35,092,381	22.7%
Taos	37	\$15,261,055	\$127,774,685	11.9%
Torrance	20	\$2,709,546	\$9,622,605	28.2%
Union	10	\$992,311	\$12,934,816	7.7%
Valencia	59	\$31,955,881	\$204,429,827	15.6%
Statewide	1,776	\$845,923,388	\$5,741,586,200	14.7%

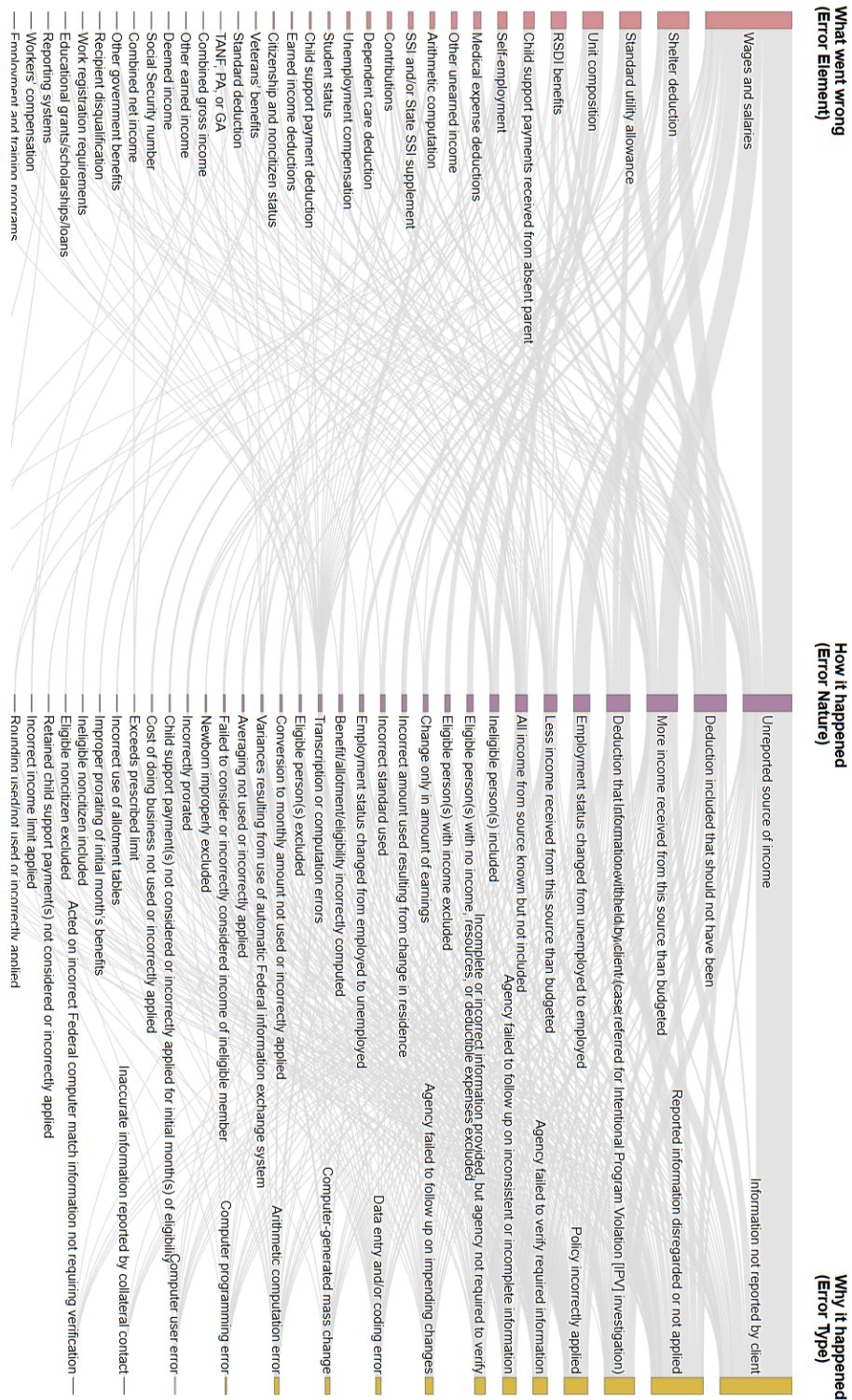
Source: LFC analysis of TRD data.

Appendix G. State SNAP Data

State	FFY24 SNAP Error Rate	Percentage of Population on SNAP	SNAP Disqualifications FY23	SNAP Recertification Timeline	Department where SNAP is Delivered?	Labor Force Participation Rate FY24	Poverty Rate FY24	Asset Limit of TANF/MOE Program	Gross Income Limit of TANF/MOE Program
Alabama	8.32	14.3%	577	12 months	Health & Human Services	57%	15.6%	No limit on assets	130%
Alaska	24.66	8.8%	33	12 months	Health & Human Services	65%	10.1%	No limit on assets	200%
Arizona	8.84	11.7%	175	12 months	Health & Human Services	61%	12.5%	No limit on assets	185%
Arkansas	9.56	7.7%	101	4 months	Health & Human Services	58%	16.0%	\$5,500	165% (for elderly or disabled) 130% (for non-elderly or disabled)
California	10.98	13.9%	1,840	12 months	Health & Human Services	63%	12.0%	No limit on assets	200%
Colorado	9.97	10.2%	695	6 months	Health & Human Services	67%	9.4%	No limit on assets	200%
Connecticut	10.25	10.0%	209	12 months	Health & Human Services	65%	10.0%	No limit on assets	200%
Delaware	12.37	11.2%	175	12 months	Health & Human Services	62%	10.4%	No limit on assets	200%
Florida	17.38	12.8%	16,510	4 months	Children & Families	61%	12.6%	No limit on assets	200%
Georgia	15.13	15.6%	2,402	4 months	Health & Human Services	62%	13.4%	No limit on assets	130%
Hawaii	6.68	11.2%	62	6 months	Health & Human Services	63%	10.0%	No limit on assets	200%
Idaho	3.59	6.6%	80	6 months	Health & Human Services	63%	10.6%	\$5,000	130%
Illinois	11.56	14.9%	1,408	12 months	Health & Human Services	64%	11.8%	No limit on assets	165%
Indiana	9.52	8.5%	121	12 months	Health & Human Services	63%	12.3%	\$5,000	130%
Iowa	6.14	8.2%	261	4 months	Health & Human Services	68%	11.1%	No limit on assets	160%
Kansas	9.98	6.3%	182	12 months	Children & Families	67%	11.3%	NA	NA
Kentucky	9.11	12.9%	1,918	4 months	Health & Human Services	59%	16.1%	No limit on assets	200%
Louisiana	6.62	17.7%	235	12 months	Children & Families	59%	18.9%	No limit on assets	200%
Maine	10.26	11.8%	79	12 months	Health & Human Services	63%	10.7%	No limit on assets	200%
Maryland	13.64	10.8%	125	4 months	Health & Human Services	66%	9.4%	No limit on assets	200%
Massachusetts	14.1	15.2%	138	12 months	Health & Human Services	68%	10.0%	No limit on assets	200%
Michigan	9.53	14.7%	1,348	12 months	Health & Human Services	63%	13.2%	No limit on assets	200%
Minnesota	8.98	7.8%	174	12 months	Health & Human Services	69%	9.3%	No limit on assets	200%
Mississippi	10.69	12.3%	1,142	4 months	Health & Human Services	56%	18.9%	NA	NA
Missouri	9.42	10.6%	1,110	12 months	Health & Human Services	62%	12.6%	NA	NA
Montana	8.89	7.0%	254	6 months	Health & Human Services	64%	11.5%	No limit on assets	200%
Nebraska	5.5	7.5%	287	6 months	Health & Human Services	70%	10.6%	\$25,000 for liquid assets	165%
Nevada	5.94	15.1%	145	6 months	Health & Human Services	63%	12.4%	No limit on assets	200%
New Hampshire	7.57	5.4%	84	6 months	Health & Human Services	68%	7.2%	No limit on assets	200%
New Jersey	14.33	8.7%	207	12 months	Health & Human Services	65%	9.7%	No limit on assets	185%
New Mexico	14.61	21.9%	18	12 months	Health & Human Services	59%	17.8%	No limit on assets	200%
New York	14.09	14.8%	435	6 months	Health & Human Services	62%	14.0%	No limit on assets	200% (Households with dependent care expenses) 150% (Households with earned income)
North Carolina	10.21	12.9%	1,180	6 months	Health & Human Services	62%	13.0%	No limit on assets	200%
North Dakota	7.91	6.9%	40	6 months	Health & Human Services	70%	10.8%	No limit on assets	200%
Ohio	9.01	12.1%	964	4 months	Workforce	63%	13.3%	No limit on assets	130%
Oklahoma	10.87	16.8%	404	4 months	Health & Human Services	62%	15.3%	No limit on assets	130%
Oregon	14.06	18.0%	171	12 months	Health & Human Services	63%	11.9%	No limit on assets	200%
Pennsylvania	10.76	15.0%	563	4 months	Health & Human Services	63%	11.7%	No limit on assets	200%
Rhode Island	12.29	12.9%	121	12 months	Health & Human Services	65%	11.2%	No limit on assets	185%
South Carolina	9.25	10.6%	NA	12 months	Health & Human Services	60%	14.1%	No limit on assets	130%
South Dakota	3.28	8.0%	193	12 months	Health & Human Services	71%	11.9%	NA	NA
Tennessee	9.47	9.5%	814	4 months	Health & Human Services	60%	13.8%	NA	NA
Texas	8.32	11.0%	1,598	4 months	Health & Human Services	64%	13.8%	Asset limit of \$5,000 (excludes 1 vehicle up to \$22,000 & includes excess vehicle value)	165%
Utah	5.74	5.0%	134	6 months	Workforce	68%	8.5%	NA	NA
Vermont	5.13	10.1%	87	12 months	Children & Families	67%	10.1%	No limit on assets	185%
Virginia	11.5	9.2%	829	4 months	Health & Human Services	65%	9.9%	No limit on assets	200%
Washington	6.06	11.3%	234	12 months	Health & Human Services	65%	9.9%	No limit on assets	200%
West Virginia	9.43	15.4%	153	12 months	Health & Human Services	54%	16.7%	No limit on assets	200%
Wisconsin	4.47	11.6%	1,372	6 months	Health & Human Services	67%	10.6%	No limit on assets	200%
Wyoming	5.12	4.7%	46	4 months	Health & Human Services	65%	10.5%	NA	NA

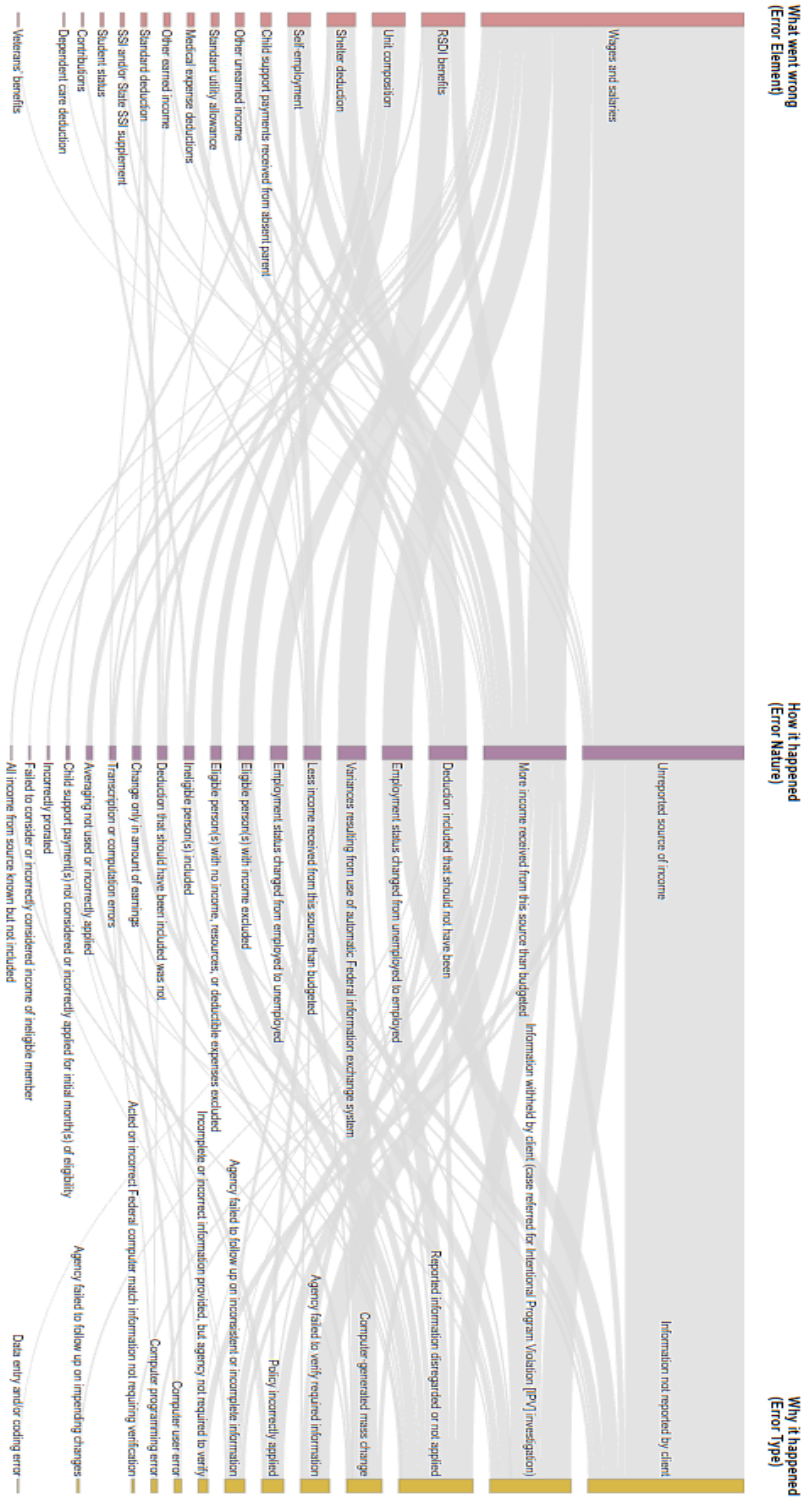
Source: USDA FNS and LFC staff review of state agency websites

Appendix H. FFY23 U.S. SNAP Payment Errors



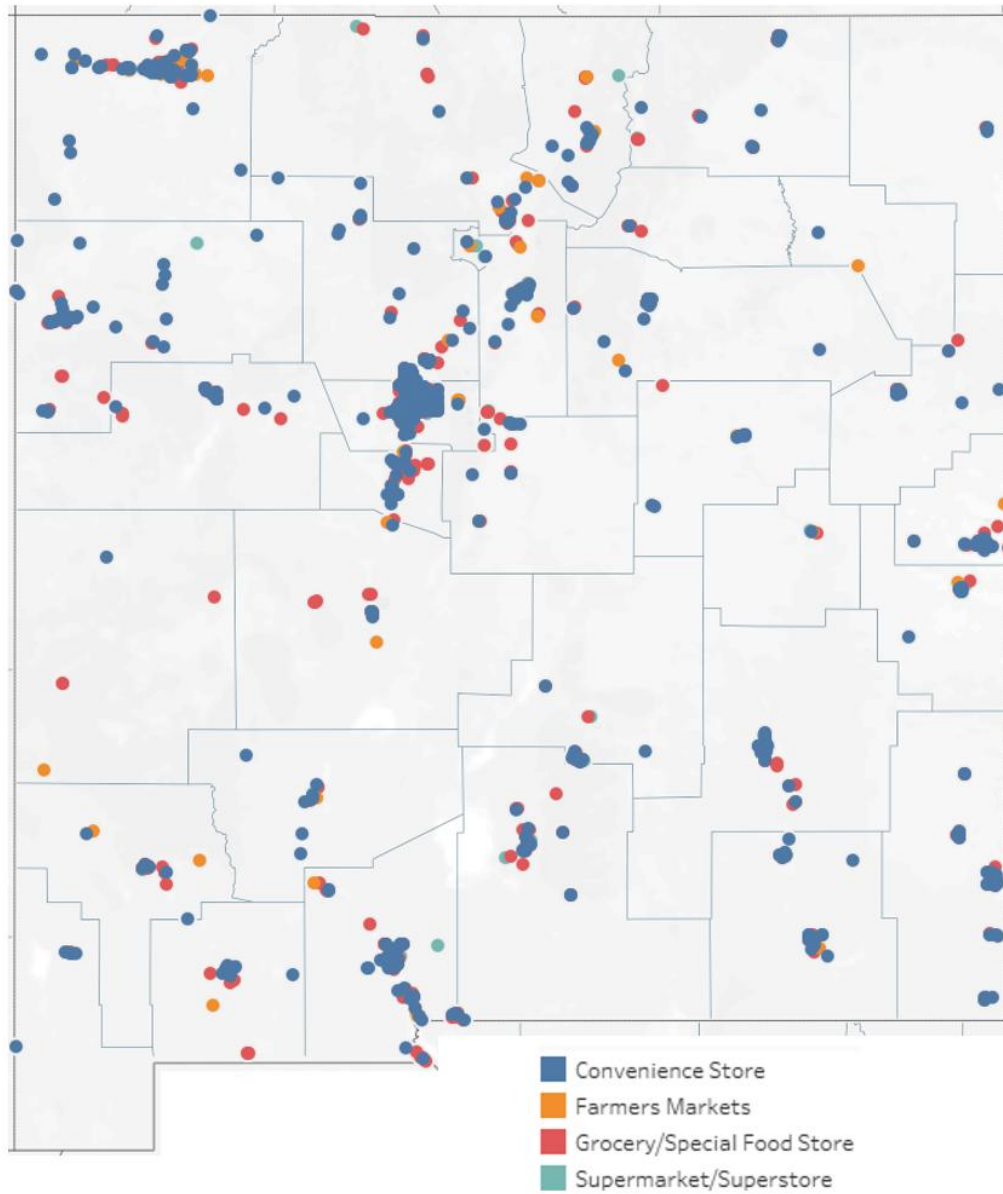
Source: Guo, Z. (2025) SNAP Quality Control Error Viewer. Georgetown University Better Government Lab. <https://digitalgovernmenthub.org/examples/snap-quality-control-error-viewer/>

Appendix I. FFY23 NM SNAP Payment Errors



Source: Guo, Z. (2025) SNAP Quality Control Error Viewer. Georgetown University Better Government Lab. <https://digitalgovernmenthub.org/examples/snap-quality-control-error-viewer/>

Appendix J. Map of SNAP-Authorized Retailers in New Mexico



Source: LFC analysis of USDA and HCA data.

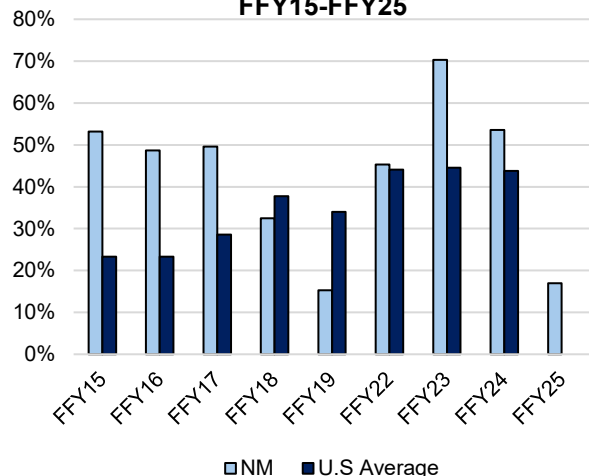
Appendix K. Overview of SNAP Case and Procedural Error Rates

Federal law requires each state to monitor their SNAP case and procedural error rate (CAPER) which measures how accurately the state denies, suspends, or closes a household’s SNAP benefits. When a state SNAP agency makes an incorrect decision to deny, suspend, or terminate benefits or fails to notify a household of these decisions in a clear or timely manner, these procedural errors are counted in the state’s case and procedural error rate. States with a higher case and procedural error rate than the national average are required to provide a corrective action plan to the federal government. The federal target for states’ SNAP case and procedural accuracy is a 1 percent case and procedural error rate. However, the federal government does not impose increased financial costs or penalties for higher case and procedural error rates.

New Mexico’s case and procedural error rate was 17 percent in FFY25; leading procedural errors included HCA incorrectly acting on or following up on application information, notices being sent to the wrong address, or application denials being late. According to HCA’s FFY25 SNAP Performance Report, 811 SNAP cases with denied, suspended, or terminated benefits were reviewed to calculate New Mexico’s FFY25 case and procedural error rate. Of those 811 reviewed cases, 139 cases (or 17 percent of reviewed cases) were found to contain at least one procedural error. In 54 cases (or 39 percent of the cases with procedural errors), HCA staff did not correctly act or follow up on reported application information. Additionally, HCA staff incorrectly notified households in 31 cases (or 22 percent of cases with procedural errors) often due to notices sent to the wrong address. In 19 cases (or 14 percent of cases with procedural errors), caseworkers either applied policies incorrectly or did not correctly meet reporting requirements.

New Mexico’s SNAP case and procedural error rate has substantially decreased in recent years, indicating progress in administering cases. New Mexico’s case and procedural error rate fell below the national average in FFY18 and FFY19 but then spiked over the national average following the Covid-19 pandemic reaching a peak of 70 percent in FFY23. Since FFY23, New Mexico’s case and procedural error rate has decreased over the past two federal fiscal years. New Mexico’s case and procedural error rate experienced a substantial decrease from 54 percent in FFY24 to only 17 percent in FFY25. This recent decrease in New Mexico’s case and procedural error rate indicates progress and improvements in the state’s administration of the suspension, denial, and closure of SNAP cases.

Chart X. New Mexico and U.S. SNAP Case and Procedural Error Rates, FFY15-FFY25



Note: FFY20 and FFY21 rates were not calculated due to federally granted Covid-19 flexibilities.

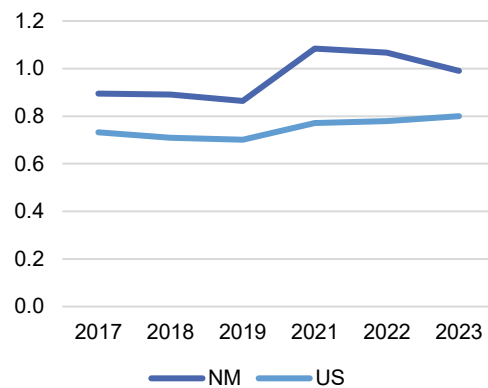
Source: LFC analysis of USDA and HCA data.

Appendix L. SNAP Program Access Index

The SNAP program access index measures the degree to which low-income residents have access to SNAP benefits. The SNAP program access index is a ratio comparing average monthly SNAP enrollment to the number of state residents living below 125 percent of the federal poverty line; a score of 1.0 indicates full coverage of that population, while scores above 1.0 reflect broader eligibility thresholds allowing some households above the poverty line to qualify. The SNAP program access index is not a direct measure of the eligible population (it does not account for those who are eligible but choose not to participate), but it serves as a functional substitute for measures of program reach and access. Unlike the SNAP payment error rate or the case and procedural error rate, the program access index carries no federal financial penalties or corrective action plans; it is instead used by policymakers and oversight bodies to assess whether states are connecting low-income residents to SNAP.

New Mexico's 2023 program access index of 0.990 ranks eighth nationally and reflects strong program access, but a year-over-year decline from 1.067 in 2022. Based on USDA data, at 0.990, New Mexico enrolls nearly the full population living below 125 percent of the poverty line, performing well above the national average of 0.800 and outpacing most states. However, the state's program access index fell by 0.077 between 2022 and 2023. The state also dropped from above 1.0 to below it, crossing a threshold that suggests some previously enrolled households may no longer be accessing benefits. The decline may reflect post-pandemic caseload normalization, changes in administrative processing, or issues with recertification.

**SNAP Program Access Index
2017-2023, New Mexico vs. US**



Note: 2020 PAI were not calculated due to the impact of the Covid-19 Public Health Emergency

Source: USDA FNS

Appendix M. Research on SNAP Purchases, Diet Quality, and Food Restrictions

According to a 2016 USDA study using 2011 retailer data (the latest USDA study available), SNAP and non-SNAP households purchase similar types of foods in similar proportions, though SNAP households spend moderately more on sweetened beverages, 9.3 percent of total food expenditures compared to 7.1 percent for non-SNAP households.^{xx} Notably, national consumption of sugar-sweetened beverages has declined significantly over time. Research using National Health and Nutrition Examination Survey data found that heavy sugar-sweetened beverage intake fell from 10.9 percent to 3.3 percent among children and from 12.7 percent to 9.1 percent among adults between 2003–2004 and 2015–2016. These broader downward trends suggest that population-level consumption patterns are shifting even without targeted purchase restrictions. Research suggests adult SNAP participants have somewhat lower overall diet quality than higher-income nonparticipants, though the gap reflects broader affordability and access barriers; a 2021 USDA survey found 61 percent of SNAP participants identified affordability as the largest obstacle to a healthy diet.^{xxi} Healthy food incentive programs have the strongest evidence base for improving diet quality. The federally funded Gus Schumacher Nutrition Incentive Program (GusNIP), which provides SNAP households with additional money for fruits and vegetables, is consistently associated with higher fruit and vegetable intake and improved food security.^{xxii, xxiii}

Evidence on restricting certain foods from SNAP purchases is mixed. Randomized trials found that restrictions on sugar-sweetened beverages reduced spending on those items but did not consistently improve overall diet quality; one trial found that restrictions alone worsened diet quality scores, whereas pairing restrictions with fruit and vegetable incentives yielded the greatest improvement.^{xxiv} All existing trials were conducted among SNAP-eligible nonparticipants, not actual SNAP recipients, because federal waivers for restriction pilots were not approved before 2025.

Appendix N. SNAP Employment and Training Program

SNAP Employment and Training (E&T) is a federal program managed by USDA's Food and Nutrition Service and run by all U.S. states and territories. It has two funding sources: fully federal grants and 50-50 matching funds with third-party providers like community colleges. States have flexibility in program design, including choosing which SNAP participants to serve, making participation voluntary or mandatory, and selecting employment components such as job search, vocational training, work experience, on-the-job training, and apprenticeships. The 2018 Farm Bill required state consultation with workforce boards, case management for all, and increased federal funding. Support services include transportation, childcare, and supplies to help low-income individuals complete training. The program links closely to SNAP work requirements, allowing able-bodied adults without dependents (ABAWDs) to meet federal work rules through E&T. With recent legislation, the ABAWD age limit increased from 54 to 64, expanding the population required to engage in work or training. Despite this scale, national participation in E&T has historically been modest, averaging roughly 200 thousand to 250 thousand participants per month nationwide, less than one percent of the total national SNAP caseload.

HCA's Income Support Division operates a voluntary, statewide SNAP E&T program with services delivered through contracts. The program was relaunched in February 2024 after a period of limited operation, with HCA announcing that approximately 121 thousand SNAP customers were eligible to participate. HCA partners with Central New Mexico Community College and the American Job Center, and contracts with Equus Workforce Solutions (\$1.6 million) to offer job-search training, career and technical education, English-language acquisition, high school equivalency programs, work experience, pre-apprenticeships, apprenticeships, internships, and on-the-job training. All eligible SNAP recipients aged 16 to 59 may participate, with participation remaining voluntary. Each participant receives an assessment covering employment history, educational background, career goals, barriers to employment, and aptitudes, which informs an individualized Employment Plan developed collaboratively between the participant and the provider.

Support services include transportation reimbursements and childcare assistance, addressing barriers for low-income individuals. The program, coordinated with the New Mexico Workforce Solutions Department, aligns with the state's broader workforce development system under the federal Workforce Innovation and Opportunity Act (WIOA). New Mexico also consults with tribes, nations, and pueblos on parts of the E&T State Plan affecting tribal communities. Despite many eligible persons, enrollment is modest, with only 49 active participants in FFY26 (45 in job search, 4 in job retention), mostly in Bernalillo County. HCA has a target of 325 voluntary participants for FFY26 and has established provider performance benchmarks requiring that 65 percent of participants who complete a component gain employment and that 80 percent completing orientation, assessment, and employment plan on time. System improvements needed to process ABAWD referrals were completed as of May 1, 2026, allowing the estimated 20 thousand ABAWDs subject to expanded work requirements under H.R. 1 to participate.

Appendix O. SNAP ASPEN Data Source Interfaces

ASPEN Data Source Interfaces	Purpose
Workforce Solutions Department (WSD)	Checks earnings and unemployment data from WSD
Work Number / New Hire	Checks employment and income
40 Quarters (SSA Title II work history)	Verifies work quarter history
State On-Line Query System (SOLQ)	Provides SSA and Medicare data
Beneficiary and Earnings Data Exchange (BENDEX)	Displays Retirement, Survivors, and Disability Insurance (RSDI) and Medicare data
Client Tracking System (CTS)	Accesses child support data
Systematic Alien Verification for Entitlements (SAVE)	Checks non-citizen registration numbers
National Accuracy Clearing House (NAC)	Prevents duplicate state SNAP benefits
Public Assistance Reporting Information System (PARIS)	Detects cross-state benefit duplicates
APPRISS Search	Gathers prisoner match data
Prisoner Match	Verifies incarceration status
New Mexico Victim Information and Notification Everyday (Vine) Link	Checks offender incarceration status
Electronic Disqualified Recipient System (eDRS)	Tracks intentional program violations
Fidelity National Information Services (FIS) EBTedge	Manages EBT card information

Source: HCA

Appendix P. SNAP Disqualifications by State

State	SNAP Disqualification Determinations FY23	SNAP Disqualifications as a Percent of SNAP Population	Percent of Population on SNAP	FY23 SNAP Population
New Mexico	18	0.004%	21%	488,364
Alaska	33	0.06%	9%	54,651
North Dakota	40	0.09%	6%	45,153
Wyoming	46	0.15%	5%	29,745
Hawaii	62	0.04%	11%	157,619
Maine	79	0.05%	12%	167,768
Idaho	80	0.06%	7%	124,043
New Hampshire	84	0.11%	6%	74,617
Vermont	87	0.12%	10%	70,685
Arkansas	101	0.04%	8%	249,709
Indiana	121	0.02%	9%	598,747
Rhode Island	121	0.08%	13%	142,963
Maryland	125	0.02%	11%	671,132
Utah	134	0.08%	5%	158,441
Massachusetts	138	0.01%	16%	1,084,039
Nevada	145	0.03%	16%	493,015
West Virginia	153	0.05%	16%	307,242
Oregon	171	0.02%	18%	732,422
Minnesota	174	0.04%	8%	460,568
Arizona	175	0.02%	12%	898,016
Delaware	175	0.14%	11%	121,174
Kansas	182	0.10%	6%	186,985
South Dakota	193	0.27%	8%	71,470
New Jersey	207	0.03%	9%	779,349
Connecticut	209	0.05%	11%	392,515
Washington	234	0.03%	11%	896,287
Louisiana	235	0.03%	18%	896,551
Montana	254	0.30%	7%	84,527
Iowa	261	0.10%	8%	262,613
Nebraska	287	0.18%	8%	156,399
Oklahoma	404	0.06%	17%	681,522
New York	435	0.02%	15%	2,886,163
Pennsylvania	563	0.03%	15%	1,927,478
Alabama	577	0.07%	15%	776,479
Colorado	695	0.12%	10%	564,020
Tennessee	814	0.11%	10%	767,843
Virginia	829	0.10%	9%	842,819
Ohio	964	0.07%	12%	1,418,005
Missouri	1,110	0.17%	11%	665,252
Mississippi	1,142	0.29%	13%	399,186
North Carolina	1,180	0.07%	13%	1,594,275
Michigan	1,348	0.09%	15%	1,430,174
Wisconsin	1,372	0.19%	12%	707,321
Illinois	1,408	0.07%	15%	2,031,385
Texas	1,598	0.05%	10%	3,396,071
California	1,840	0.04%	14%	5,217,211
Kentucky	1,918	0.35%	13%	554,221
Georgia	2,402	0.16%	13%	1,543,122
Florida	16,510	0.53%	13%	3,089,911
United States	41,433	0.10%	12%	42,176,946

Notes: SNAP disqualifications occur when an administrative or criminal court determine a SNAP recipient has committed an intentional program violation related to SNAP fraud or trafficking. Data for South Carolina was not available for USDA report.

Source: LFC analysis of USDA SNAP State Activity Report for FY23.

Appendix Q. Select Citations

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- ⁱⁱⁱ U.S. Government Accountability Office. (2005). *Managing for Results: Enhancing Agency Use of Performance Information for Management Decision Making*. Report # GAO-05-927.
- ^{iv} U.S. Department of Agriculture. (2024). *SNAP: Keys to Payment Accuracy – A Guide for State Agencies*.
- ^v U.S. Social Security Administration Office of Inspector General. (2019). *Match of New Mexico Death Record Information Against Social Security Administration Records*. Report # A-06-18-50759.
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- ^{vii} U.S. Congressional Research Service. (2025). *Supplemental Nutrition Assistance Program: Errors and Fraud*. In Focus Brief: IF10860.
- ^{viii} U.S. Government Accountability Office. (2025). *Standards for Internal Control in the Federal Government*.
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- ^{xi} Hoke, W. (2021). *The Extent of Trafficking in the Supplemental Nutrition Assistance Program: 2015-2017*. Prepared by Manhattan Strategy Group for the U.S. Department of Agriculture, Food and Nutrition Service.
- ^{xii} U.S. Department of Agriculture. (2026) *USDA SNAP Program Integrity Data Team: Preliminary Report*.
- ^{xiii} Association of Inspectors General. (2022). *Principles and Standards for Offices of Inspectors General: Revised and Approved October 22, 2022; Effective July 1, 2024*.
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- ^{xvi} U.S. Department of Agriculture Office of Inspector General. (2025). *Food and Nutrition Services SNAP: Disbursement of SNAP Benefits Using the EBT System*. Inspection Report 27801-0002-23.

^{xvii} Garasky, S., Slava, K., Kassim, M., Ampaabeng, S., & Llobrerra, J. (2016). *Feasibility Study of Capturing Supplemental Nutrition Assistance Program (SNAP) Purchases at the Point of Sale – Final Report*. Prepared by IMPAQ International, LLC for the U.S. Department of Agriculture, Food and Nutrition Service.

^{xviii} U.S. Government Accountability Office. (2018). *Supplemental Nutrition Assistance Program: Actions Needed to Better Measure and Address Retailer Trafficking*. Report # GAO-19-167.

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^{xx} Garasky, Steve, et al. (2016). "Foods Typically Purchased by Supplemental Nutrition Assistance Program (SNAP) Households." Prepared by IMPAQ International, LLC for the U.S. Department of Agriculture, Food and Nutrition Service.

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^{xxiii} Gus Schumacher Nutrition Incentive Program Nutrition Incentive Program Training, Technical Assistance, Evaluation and Information Center. (2023). *Gus Schumacher Nutrition Incentive Program (GusNIP): Impact Findings Y3*. Prepared for the U.S. Department of Agriculture, National Institute of Food and Agriculture.

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