

## **FY 2005 High Performance Bonus Awards**

Section 4120 of the Farm Security and Rural Investment Act of 2002 (Pub. L., 107-171) authorized \$48 million to be awarded to States with high or improved performance in the administration of the Food Stamp Program (FSP).

A base award of \$100,000 will be awarded to each State agency that is an identified winner in each category. Subsequently, the remaining money will be divided among the States in each category in proportion to the size of their caseloads. Where there is a tie to the fourth decimal point for the categories, FNS will add the additional State (s) into the category and the money will be divided among all the States in proportion to the size of their caseloads.

A State cannot be awarded two bonuses in the same category (payment accuracy, negative error rate, or program access index). If a State is determined to be both the best and the most improved in one of these categories it would only be awarded a bonus for being the best, while at the same time being acknowledged as achieving in the most improved category. FNS will then award a bonus to the next State in the best category.

For FY 2005 and beyond a State is not eligible for a bonus payment in any fiscal year for which it has a liability amount established as a result of an excessive payment error rate in the same year. If a State is disqualified from receiving a bonus payment, and the State is not tied for a bonus, the State with the next best performance will be awarded a bonus payment. The liability that renders the State ineligible for a bonus payment is a penalty due to a QC penalty for the same fiscal year, and does not include leftover QC penalties due to a failed reinvestment plan or penalties for other deficiencies in FSP operations.

Cash bonuses will be awarded in four different categories. The four categories and the performance measurement methodologies are listed below.

**Category 1 – Payment Accuracy - \$24 Million**

**Category 2 – Negative Error Rate - \$6 Million**

**Category 3 – Application Processing Timeliness - \$6 Million**

**Category 4 – Program Access Index - \$12 Million**

**Category 1 – Payment Accuracy –  
\$24 Million  
10 States**

\$100,000 awarded to each State winner

**A. Excellence in Payment Accuracy**

Number of Awards in this Category	Methodology Used to Determine Awards	Awards Based On
<b>7 States</b>	<b>Lowest combined error rates for FY 2005</b>	<b>FY 2005 validated Quality Control Payment Error Rates</b>

**B. Most Improved Payment Accuracy**

Number of Awards in this Category	Methodology Used to Determine Awards	Awards Based On
<b>3 States</b>	<b>Largest percentage point decrease in combined error rates for FY 2005 compared to FY 2004.</b>	<b>FY 2005 validated Quality Control Payment Error Rates</b>

**Note:** For B the percentage points of improvement will be used instead of the actual percentage of improvement so that absolute value of improvement rather than the relative value of improvement is rewarded. For example, if State A has a payment error rate of 10% in FY 2004 and a payment error rate of 6% in FY 2005, its improvement is 4 percentage points, or a 40% improvement. If State B has a payment error rate of 6% in FY 2004 and a payment error rate of 4% in FY 2005, its improvement is 2 percentage points, or a 50 percent improvement. State A would be ranked higher than State B because its absolute improvement is greater even though its relative improvement is less. For example, if States A and B both issued \$100 million in benefits, State A would have reduced its payment error by \$4 million while State B would have reduced by only \$2 million.

- **A State cannot be awarded two bonuses in this category. If a State is a double winner in this category, for A & B, it will be awarded a bonus for A (Excellence in Payment Accuracy). FNS will then award a bonus to the next State in the best category.\***

**Category 2  
Negative Error Rate  
\$6 million  
6 States**

\$100,000 awarded to each State winner

**A. Lowest Negative Error Rate**

Number of Awards in this Category	Methodology Used to Determine Awards	Awards Based On
<b>4 States</b>	<b>Lowest negative error rate for FY 2005</b>	<b>FY 2005 Quality Control (QC) validated negative error rate.</b>

**B. Most Improved Negative Error Rate**

Number of Awards in this Category	Methodology Used to Determine Awards	Awards Based On
<b>2 States</b>	<b>Largest percentage point decrease in the negative error rate for FY 2005 compared to FY 2004</b>	<b>FY 2005 Quality Control (QC) validated negative error rate.</b>

**Note:** For B the percentage points will be used instead of the actual percentage of improvement so that absolute value of improvement rather than the relative value of improvement is rewarded. For example, if State A has a negative error rate of 3% in FY2004 and a negative error rate of 1% in FY2005, its improvement is 2 percentage points, or 66 percent. If State B has a negative error rate of 10% in FY2004 and a negative error rate of 5% in FY2005, its improvement is 5 percentage points, or 50 percent. State B would be ranked higher than State A because its absolute improvement is greater, even though its relative improvement is less.

- **A State is not eligible for a bonus in category B (most improved negative error rate) if the State's negative error rate for the fiscal year is more than 50 percent above the national average.**
- **If a State is a double winner in this category, for both A & B, it will be awarded a cash bonus for A (Lowest Negative Payment Error Rate). FNS will then award a bonus to the next State in the best category.\***

**Category 3**  
**Application Processing Timeliness**  
**\$6 Million**  
**6 States**

\$100,000 awarded to each state winner

Number of Awards in this Category	Methodology Used to Determine Awards	Awards Based On
<b>6 States</b>	<b>Highest percentage of timely processed applications certified during the measurement of FY 2005</b>	<b>FY2005 Quality Control Data used to determine if an applicant was given the “opportunity to participate” within 30 days for normal processing or 7 days for expedited processing.</b>

- **Applications that are properly pended would not be counted for (as timely) nor against (as untimely) a States’ timeliness rate. Such cases will be excluded from this measure.**
- **Applications that are denied will not be included in this measure.**

**Category 4  
Program Access Index  
\$12 Million  
8 States**

\$100,000 awarded to each State winner

**A. Highest Level of Participation**

Number of Awards in this Category	Methodology Used to Determine Awards	Awards Based On
<b>4 States</b>	<b>Highest Program Access Index calculated by taking the average monthly participation in the calendar year divided by the Census Bureau's count of people in poverty.</b>	<b>Program Access Index will use Census Bureau's March Supplement to the Current Population Survey's (CPS) count of people below 125 percent of poverty for the same calendar year.</b>

**B. Most Improved Level of Participation**

Number of Awards in this Category	Methodology Used to Determine Awards	Awards Based On
<b>4 States</b>	<b>Most improved percentage points of participation from CY2004 to CY2005 determined by comparing the CY2004 Program Access Index to the CY2005 Program Access Index.</b>	<b>Program Access Index will be calculated using Census Bureau's March Supplement to the CPS count of people below 125 percent of poverty for the same calendar year</b>

FNS reserves the right to substitute the number of people below 130 percent for the number below 125 percent of poverty should the data be available in a timely manner. Any such substitution would apply to all States.

Numerator: The number of participants. FNS will use the administrative annual counts of participants

Denominator: The number of people below 125 percent of poverty. FNS will use the Census Bureau's March Supplement to the Current Population Survey's count of people below 125 percent of poverty for the same calendar year.

- **FNS will subtract from the numerator the state-reported number of people who receive disaster assistance who are new to the program. Existing participants who are issued disaster FSP replacement benefits will continue to be included in the numerator.**
- **In a State where a Food Distribution Program on Indian Reservations (FDPIR) program is operated FNS will subtract from the denominator the average monthly number of (FDPIR) participants for the State.**
- **In California FNS will subtract from the denominator the estimated number of California SSI recipients with income below 125 percent of poverty. This estimate will be made using prior-year information from the Census Bureau Current Population Survey.**
- **If a State is a double winner in this category, for both A & B, it will be awarded a cash bonus for A (Highest level of Participation). FNS will then award a bonus to the next State in the best category.\***

**\* DOUBLE WINNER SCENARIO**  
**Best and Most Improved**

Category 2  
 Negative Error Rate  
 \$6 million, 6 States

~~5~~ States Lowest (Best) Negative Error Rate  
 1 ~~≠~~ States Most Improved Negative Error Rate

Lowest (Best) Negative Error Rate 4 States			Most Improved Negative Error Rate 2 State		
Rank	State		Rank	State	
1	AK	(award)	1	AK	<i>(recognized, no award)</i>
2	HI	(award)	2	CA	(award)
3	NV	(award)	3	WA	
4	ID	(award)	4	AZ	
5	OR	<i>(award)</i>			

Example: If AK is a Double Winner in the Negative Error Rate category. AK is measured as having both the Lowest (**Best**) Negative Error Rate and the Most Improved Negative Error Rate. A State cannot be awarded two bonuses in the same category. In this scenario, OR would be the next State in line to be awarded as the Best (lowest). In the end, for this scenario, FNS will award five States for the best and one for the most improved. Although AK would be recognized as being amongst the most improved, it would only be awarded as the Best (lowest). The reason for this is that FNS wants to award excellence over most improved.

7 CFR 273.24(a)(6)

A State cannot be awarded two bonuses in the same category; the relevant categories are payment accuracy (which is outlined in paragraph (b)(1) of this section), negative error rate (which is outlined in paragraph (b)(2) of this section), or program access index (which is outlined in paragraph (b)(3) of this section). If a State is determined to be among the best and the most improved in a category, it will be awarded a bonus only for being the best. The next State in the best category will be awarded a bonus as being among the best States.

## NOTES