



ARIZONA —
**DEPARTMENT OF
ECONOMIC SECURITY**

Updates for the Maricopa Family Support Alliance

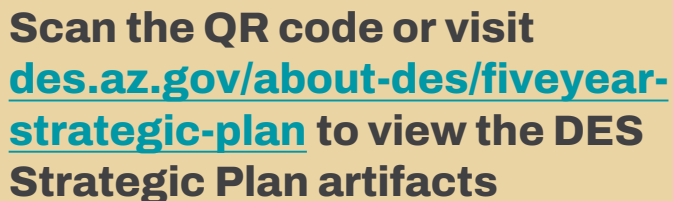
August 14, 2026



DES Overview

With an annual budget of over \$9B, DES provides benefit assistance, care, and services to some of Arizona's most vulnerable populations through multiple divisions:

- Child and Community Services Division
- Division of Aging and Adult Services
- Division of Developmental Disabilities
- Division of Benefits and Medical Eligibility
- Division of Child Support Services
- Division of Employment and Rehabilitation Services
- Administrative Support Divisions



DES Director's Blog

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Navigating the Impact of H.R. 1 on SNAP

June 25, 2026

The passage of H.R. 1 has disrupted the Supplemental Nutrition Assistance Program (SNAP) with the most sweeping structural changes and strict...



Power AZ Cools the Pressures of the Utility Bill

April 16, 2026

Recognizing that high energy rates are stretching household budgets thin, Governor Hobbs dedicated \$15 million to make utility relief more...



Making the Connections: Access to Quality, Affordable Child Care in Arizona

March 4, 2026

For countless working parents of young children in Arizona, conversations often center around two essential questions: Who will care for my children...



Power AZ

Power AZ expands eligibility beyond traditional Low Income Home Energy Assistance Program (LIHEAP) income limits to 100% of the state median income. For example:

Power AZ

Monthly gross income
limit for family of 4

\$8,998

LIHEAP

Monthly gross income
limit for family of 4

\$5,399

All other eligibility requirements are the same between both programs.

Receive up to
\$640
in one-time aid

Apply today
desportal.az.gov



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Power AZ and LIHEAP provide assistance paying heating and cooling expenses.

Launched in March 2026, Power AZ expands LIHEAP eligibility to include households with a monthly gross income up to 100% State Median Income (SMI)

Eligibility:

- Income up to 100% SMI
- Require assistance paying for energy-related utilities
- Meet citizenship or immigration requirements

Benefits:

- Range from \$160 to \$640 in a 12-month period
- Households may qualify for an additional one-time crisis payment up to \$500
- In most cases, benefits are paid directly to your utility provider

Applicants may only receive benefits from Power AZ or LIHEAP during the one-year eligibility period; not both.





H.R. 1 Impacts to SNAP

Important: The information provided in this presentation is point in time information and subject to change.

H.R. 1 Overview

H.R. 1, a federal budget reconciliation bill signed on July 4th, 2025, made significant changes to SNAP:

- Benefits Cost Sharing
- Administrative Cost Sharing
- Work Requirements: Exemptions and Waivers
- Non-citizen Eligibility
- SNAP-Ed Funding
- Benefit Amount Cost Neutrality
- Allowable Deductions



Benefits Cost Sharing

Benefits Cost Sharing

- Potential for substantial financial impact.
- Benefits currently 100% federally funded.
- Beginning in FFY 2028, states with a SNAP Payment Error Rate (PER) of 6%+ must pay a share of benefits.
- In Arizona, this could mean up to \$300 million in state funds.
- There is no option to pay partial benefits. States with a 6%+ PER must pay the state share or be unable to operate SNAP.



Cost Sharing Impacts

H.R. 1 SNAP Benefit Cost Sharing Effective FFY 2028 (October 1, 2027)

PER	State Match	Estimated DES Impact*
< 6%	0%	\$0
6 - 7.99%	5%	Up to \$100 million
8 - 9.99%	10%	Up to \$200 million
> 10%	15%	Up to \$300 million

*Based on FFY 2025 PER of 10.8% and expenditures of approx \$2 billion.

10.8%

Arizona's Official FFY 2025 PER (Released June 24)

- This is a *lagging performance indicator* reflecting policies and eligibility work that occurred before H.R. 1 and before our 2025 efforts could influence the PER.
- Reflects a sample of SNAP households receiving benefits between October 2024 and September 2025. Because SNAP cases can remain certified for 12 months or longer, many of the errors identified in this sample stemmed from DES practices that were in place long before H.R. 1.
- Arizona's FFY 2025 PER is near the national average of 10.62%. Ongoing quality improvement efforts are expected to result in an FFY 2026 PER well below the national average.
- In FFY 2028, when the cost share becomes effective, states can use either their FFY 2025 or FFY 2026 PER as the basis for the penalty calculation. DES has made significant progress toward reducing the FFY 2026 PER. The official FFY 2026 error rate will not be available until June 2027.

Update: PER Reduction Strategies

-  Increasing documentation requirements to support the accuracy of claimed expenses and reported income. For instance, if a third-party source shows a client starting employment that has not already been reported, DES sends a request for information regarding the new employment.
-  Introducing continuous income monitoring, matching SNAP caseload information against employer-reported data to help identify cases that may be over the income threshold.
-  Implementing a pre-authorization review process to proactively resolve application errors and provide real-time feedback to eligibility staff.
-  Investing in improved systems and technology to streamline operations, such as automated discrepancy flags, alerts, and system task automation.

Client Experience

- To reduce PER, DES is generally requiring clients to provide verification for more eligibility elements than in the recent past. This may include documentation or third-party contact (for example, a client's employer or landlord). The verification process may impact eligibility determination speed.
 - DES is actively reviewing verification policies to determine where flexibility can be added without impacting payment accuracy.
- The implementation of H.R. 1 has triggered unprecedented volume for DES' call center, resulting in long wait times and challenges for clients to connect with staff via telephone.
 - DES is in the process of adding additional call center staff as well as an "outbound dialer" initiative.

Mitigation Strategies

- To eliminate bottlenecks, DES launched a new call-back process and deployed dedicated phone kiosks in office lobbies.
- DES is transitioning toward a more service-oriented lobby model that emphasizes real-time application entry and immediate verification assistance upon a customer's arrival.
- In July, we added prerecorded scheduling guidance and increased our ability to assist with document uploads and change requests.
- With investment from Governor Hobbs, we have expanded staffing capacity by allowing staff to work overtime on weekday evenings and weekends.



Administrative Cost Sharing

Administrative Cost Sharing

- Costs to administer SNAP (i.e. application processing; eligibility review; appeals processing; benefits distribution; and fraud, waste, and abuse prevention and response.)
- Current split: 50%-50% federal-state match. Beginning in FFY 2027, this changes to 25% federal, 75% state.
- Based on FFY 2024 administrative costs, Arizona will be responsible for an additional \$42m each year.





Work Requirements: Exemptions and Waivers

Work Requirements: Exemption and Waivers

- SNAP participants are required to meet the **same work requirements** as they were before H.R. 1.
- H.R. 1 made changes to certain **exemptions** from and available **waivers** for the able-bodied adults without dependents (ABAWD) work requirement, as well as the age range for participants who need to meet the requirement.
- Changes were effective beginning July 4th, 2025.



ABAWD Exemption Changes

Exemption/Waiver	Pre-H.R. 1	Post-H.R. 1
Age Range for ABAWD Requirement	18-54	18-64
Caretaker of a Child	Exemption if there was a child under 18 in household	Exemption if there is a child under 14 in household
Former Foster Youth, Homeless Individuals, and Veterans	Exemption	Exemption eliminated
Indians, Urban Indians, and California Indians	No specific exemption	Exemption added

Geographic ABAWD Waivers

- States can request that USDA waive the ABAWD requirement for individuals living in certain geographic areas.
- H.R. 1 removed one of the two reasons a state could request this waiver, leaving only 10%+ unemployment.
- In FY 2025, Arizona's geographic waiver covered all Tribal reservation areas and all counties except Maricopa.
- For FFY 2026, USDA approved a waiver based on 10%+ unemployment, only for Yuma County and Cocopah, Hualapai, Maricopa Ak-Chin, Salt River, San Carlos Apache, and Pascua Yaqui reservation areas.



Non-Citizen Eligibility

Eligibility Based on Citizenship/Immigration Status

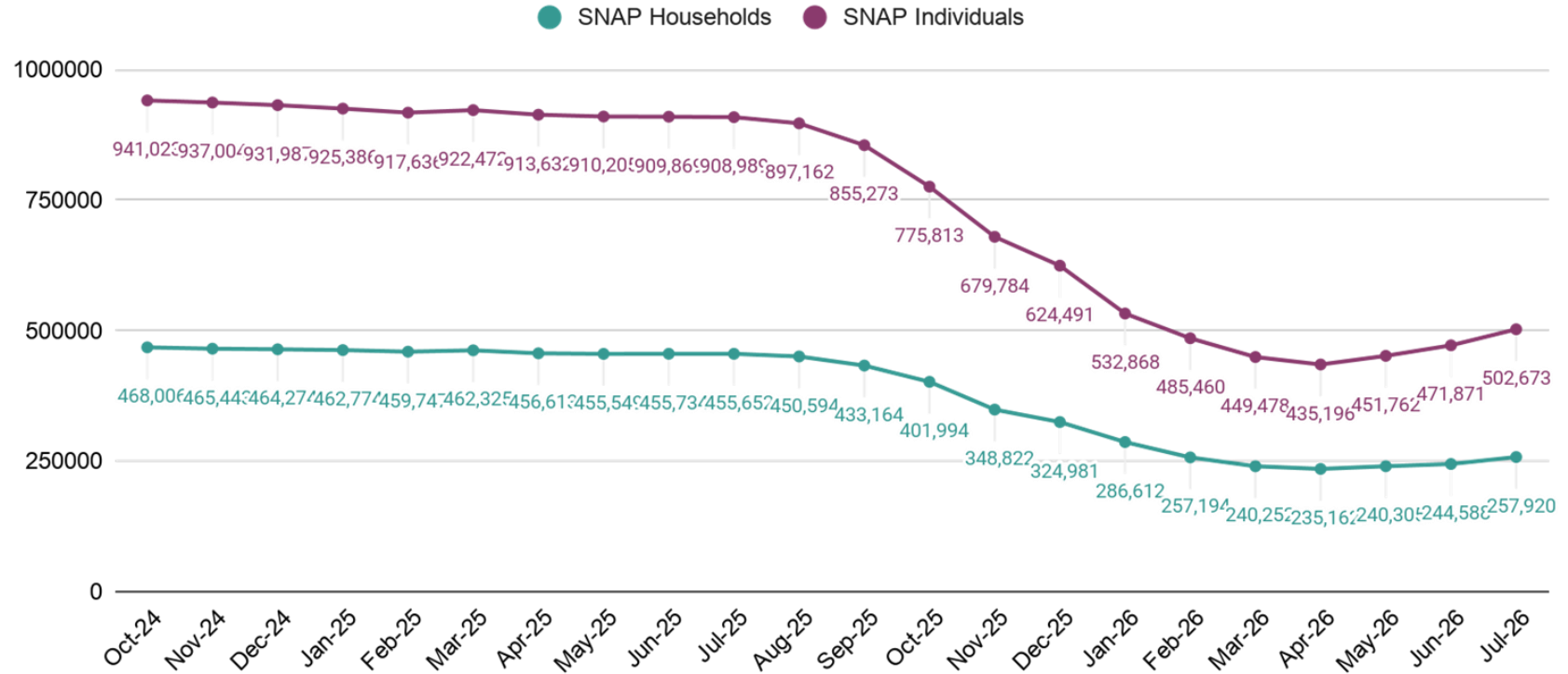
SNAP-Eligible non-U.S. citizens and Nationals

- U.S. citizens
- U.S. nationals
- Lawful permanent residents (LPRs)
 - Cuban and Haitian Entrants
- Compact of Free Association citizens



SNAP Caseload Impact

SNAP Enrollment



Looking Forward

- Arizona FY2027 Budget provides an additional \$10.8 million in funding to help manage increased SNAP eligibility workloads and PER reduction efforts resulting from H.R. 1.
- FY2027 budget fully funds state portion of H.R. 1's SNAP administrative cost share increase.
- To streamline operations, DES is also investing in modern systems and technology (replacing the decades-old legacy SNAP mainframe and transition to DES A-to-Z portal).

