



NC DEPARTMENT OF
**HEALTH AND
HUMAN SERVICES**

JOSH STEIN • Governor

DEVPUTTA SANGVAI • Secretary

YVONNE COPELAND • Director, Division of Child and Family Well-Being

Dear County Directors of Social Services

Date: October 1, 2026
Attention: County Directors; Business Officers
Subject: FNS Administrative Reimbursement Rate Reduction Effective October 1, 2026
Priority: Information

As of October 1, 2026, the federal reimbursement rate for Food and Nutrition Services (FNS) administrative costs is 25%, reduced from 50%. The change is required by H.R. 1, Public Law 119-21, section 10106, and cannot be waived. The U.S. Department of Agriculture, Food and Nutrition Administration, confirmed the change in a letter to all state agencies dated September 28, 2026, which is attached.

The 25% rate applies to allowable FNS administrative costs incurred on or after October 1, 2026. Costs incurred through September 30, 2026 are reimbursed at the prior 50% rate. Where a contract or other cost spans both periods, the cost is divided by the date it was incurred so that each portion is reimbursed at the correct rate.

The reduction applies to all FNS administrative costs reported on the DSS-1571, including both staff costs reported on Part I and contracted services reported on Part II, as explained in Dear County Director Letter EFS-FNSEP-02-2026 (February 2, 2026). FNS Employment and Training (E&T) administrative costs are not affected and continue to be reimbursed at 50%.

County budgets for state fiscal year 2026-2027 should reflect a county share of 75% for FNS administrative costs incurred from October 1, 2026 through June 30, 2027.

For guidance on reporting FNS administrative costs on the DSS-1571, county DSS agencies should consult the DSS Fiscal Manual or contact their Local Business Liaison. Questions may also be directed to the Division of Social Services, Business Operations.

Sincerely,

Brian P. Hogan
Deputy Director for Nutrition
Division of Child and Family Well-Being

EFS-FNSEP-18-2026

Attachment (1): USDA Food and Nutrition Administration, Section 10106: Administrative Cost Sharing Effective in Fiscal Year 2027, September 28, 2026

cc: Carla West, Interim Deputy Secretary, Opportunity and Well-Being
Yvonne Copeland, Division Director, Division of Child and Family Well-Being

NC DEPARTMENT OF HEALTH AND HUMAN SERVICES • DIVISION OF CHILD AND FAMILY WELL-BEING

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Food and Nutrition Administration

U.S. DEPARTMENT OF AGRICULTURE

Date: September 28, 2026

Subject: Supplemental Nutrition Assistance Program – One Big Beautiful Bill Act of 2025, Section 10106: Administrative Cost Sharing Effective in Fiscal Year 2027

To: All SNAP State Agencies
All Regions

The Food and Nutrition Administration (FNA) issues this letter to remind State agencies that on October 1, 2026, Section 10106 of the One Big Beautiful Bill Act (Public Law 119-21) will take effect for fiscal year (FY) 2027. Section 10106 amends Section 16(a) of the Food and Nutrition Act of 2008 by reducing the Federal share of administrative costs for State administration of the Supplemental Nutrition Assistance Program (SNAP) from 50 percent to 25 percent.

State agencies must adjust their annual budgets to reflect the new administrative cost-share structure. Allowable administrative costs incurred on or after October 1, 2026, will be reimbursed at the new 25 percent Federal rate. For multi-year projects, State agencies will need to prorate FY 2027 costs based on the date the cost was incurred to ensure that the appropriate reimbursement rate is applied throughout the fiscal year.

For questions or assistance, additional guidance is available on FNA's website at <https://www.fna.usda.gov/obbb> or contact your FNA State Support and Evaluation (SSE) Hub.

Sincerely,

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Ronald K. Ward
Acting Associate Administrator
Supplemental Nutrition Assistance Program
Food and Nutrition Administration
U.S. Department of Agriculture

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Edward Pauley
Acting Chief Financial Officer
Food and Nutrition Administration
U.S. Department of Agriculture