

**Applied Economic Insights**

# SNAP's New Reality: Expanded Work Requirements, Cost Shifts to States, and Benefit Adjustment Changes

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**Abstract**

The One Big Beautiful Bill dramatically changes SNAP through three major changes: expanding time-limited work requirements to an estimated 1.6 million more SNAP households, shifting billions in costs to states, and restoring the cost neutrality for benefit adjustment. We show how these shifts impact food security and state budgets.

## 1 Introduction

The One Big Beautiful Bill (OB BB), signed into law in July 2025, makes the largest changes to the Supplemental Nutrition Assistance Program (SNAP) in over a decade. The Congressional Budget Office (CBO) estimates federal SNAP spending will decline by \$186 billion over the next decade (Congressional Budget Office 2025a). For households, Wheaton et al. (2025) estimate that 22.3 million US households will be affected and one-fourth of them will lose at least \$25 in monthly SNAP benefits. While many provisions will be phased in over the coming years, three stand out for their potential impacts to recipients and account for more than 90 percent of the expected reduction in direct federal spending on SNAP (authors' calculation based on Congressional Budget Office 2025b): (1) expanded additional work requirements for able-bodied adults without dependents (ABAWDs), (2) a shift in the cost-sharing balance between federal and state governments, and (3) the restored benefit adjustment cost neutrality requirement. These reforms have sparked debates about federalism, work and welfare, and whether SNAP will remain adequate for low-income families. This article summarizes these changes and analyzes a representative household panel of 43,776 SNAP households from the SNAP Quality Control (SNAP QC) dataset for fiscal year (FY) 2023 to help understand potential impacts on households and states.

## 2 Expanded Work Requirements

SNAP has always linked food assistance to some forms of work participation. Able-bodied and nonexempt SNAP participants aged 16–59 must comply with the general work requirements, including registering for work and participation in employment and training programs. The program also applies an additional rule to ABAWDs, requiring them to work or train at least 80 hours a month to keep their benefits. Those who don't meet the requirement can receive SNAP benefits for only 3 months within a 3-year period. The OB BB significantly expands who falls under these time-limited rules. The upper age limit for ABAWDs rises from 55 to 65, and parents, as well as household members, now qualify for an exemption only if they have a dependent child under 14—down from under 18 previously. Together, these changes mean that more adults, especially older workers and parents of teenagers, must now meet stricter work standards to stay in the program.

Changes in SNAP's work requirement impact millions of SNAP households. We use the representative SNAP QC data from FY 2023 to estimate the potential effects. These data come from

The SNAP QC database is limited in that it does not provide disability indicators for seniors aged 60 and above and there is no other related information. Therefore, we only count recipients aged 55–59 with disability information. The exclusion of 60–65 age group will underestimate the true share of affected households. We also do not account for other exemption categories and region-specific waivers (for example, Alaska and Hawaii have different unemployment cutoff for regional work requirement waiver).

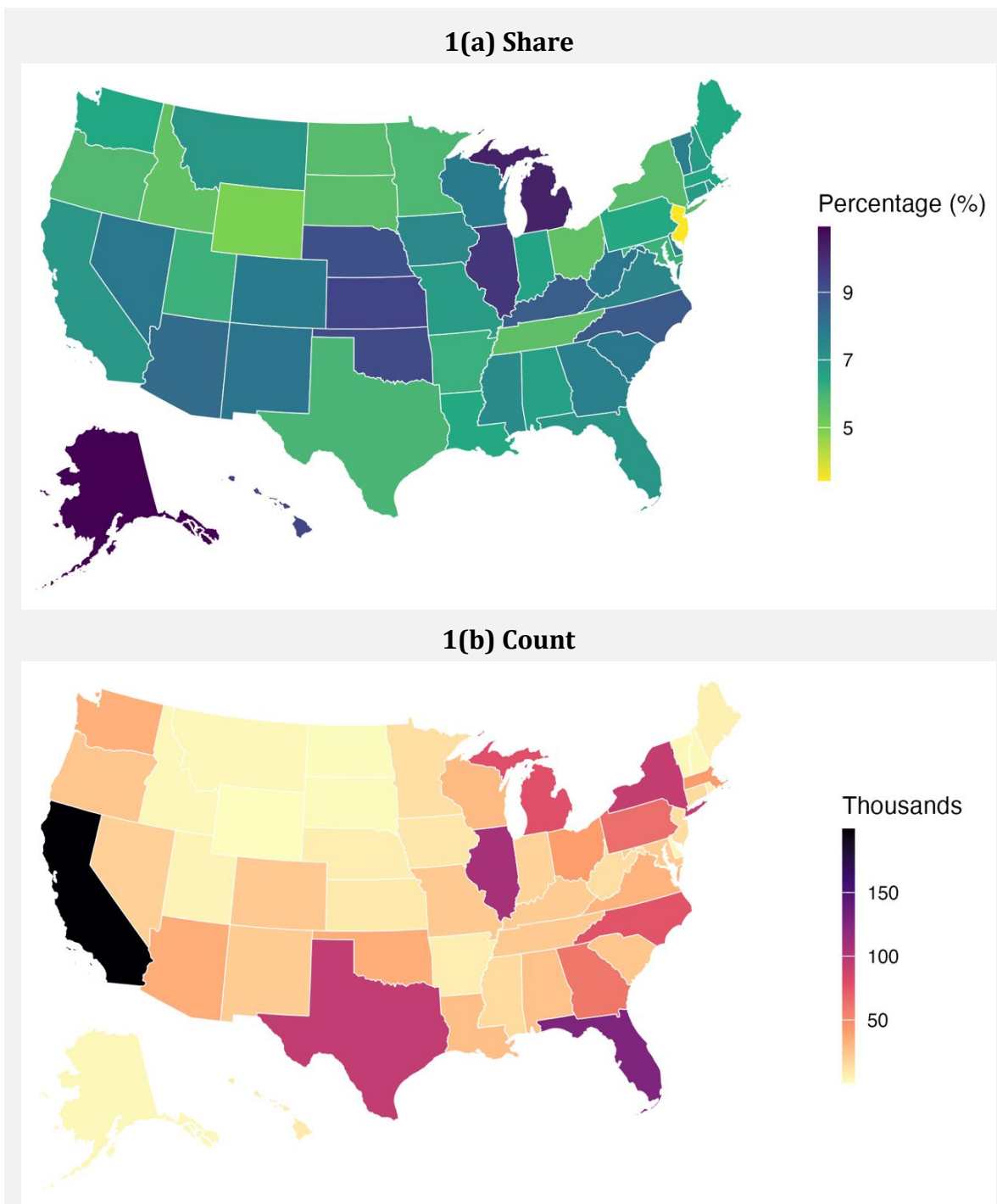
monthly case reviews conducted by state agencies responsible for administering SNAP and include detailed information on the economic and demographic characteristics for a statistically representative sample of SNAP households nationwide. These estimates are based on two major groups of affected SNAP households: (1) those with ABAWDs aged 55–65; (2) those with able-bodied nonelderly adults whose youngest dependent is aged 14–18. Other households are also affected, including but not limited to homeless individuals, veterans, certain foster care individuals, and residents in areas with insufficient jobs where the ABAWD work requirement was previously waived. However, these households cannot be reliably identified in the SNAP QC dataset and therefore are excluded from the analysis. Figure 1a shows the estimated share of these households who are newly subject to time-limited work rules.

The overall effects vary across states. The US Virgin Islands is projected to experience the largest proportional impact—more than one in eight SNAP households (13.2 percent)—followed by Guam (12.55 percent), Alaska (10.9 percent), and Michigan (10.4 percent), though Hawaii and Alaska may qualify for the noncontiguous state exemption, which uses a different unemployment threshold (defined as 1.5 times the national unemployment rate). Although New Jersey has the lowest estimated share of affected households, 3.4 percent of SNAP households still face stricter additional work requirements. We then convert these estimates into SNAP household count using the USDA SNAP Data Table for October 2023. The largest estimated numbers are in California (more than 200,000), Florida (around 128,000), and Illinois (close to 108,000) (Figure 1b). Overall, an estimated 1.6 million SNAP households are newly subject to the additional work requirement under the OBBB, from the two provisions mentioned above. The people most affected are also those least likely to find stable employment quickly. Adults in their late 50s and early 60s often face declining health, caregiving demands, and potential age discrimination in hiring. Parents of teenagers, especially single parents, still shoulder major household responsibilities but will now be treated as fully available for work.

Stricter work requirement can reduce participation, and the effect will be larger since previous area-level waivers are now restricted when job opportunities are scarce. Further, tighter rules in federal assistance programs can also strain community resources. When households lose SNAP eligibility, many turn to local food banks and pantries—networks that depend heavily on volunteers and private donations. If demand rises sharply, these community-based organizations will struggle to meet growing needs, risking service cutbacks or even site closures.

### 3 Federal Costs Shift to States

For decades, SNAP benefits have been almost entirely federally funded. The federal government paid 100 percent of the benefits and split administrative costs with states, but that's about to change. Under the OBBB's state-matching fund requirement, states will bear a 25-percentage-point increase in their administrative cost share and begin sharing the allotment cost (Table 1). A state's share of allotment cost is determined by their previous SNAP payment error and can go up to 15 percent for states with error rates greater or equal to 10 percent. The error rate measures the accuracy of each state's eligibility and benefit determinations and is mainly driven by cases with overpayment. The new legislation will use the SNAP payment error from 3 years ago to determine the current state's share of allotment cost starting in FY 2029 and allow some flexibility in FY 2028 and for states with previously very high error rates.



**Figure 1. Estimated share and count of SNAP households facing new work requirements**

*Note:* Estimations are based on SNAP household characteristics in FY 2023 and household participation count in October 2023. Figure 1a shows the share of SNAP households newly affected by the OBBB’s expanded work requirement over total SNAP households. Figure 1b shows the count of SNAP households newly affected by the OBBB’s expanded work. The count includes two major categories: (1) SNAP households with ABAWD aged 55–65, though we lack disability information for seniors aged 60–65; (2) SNAP households with able-bodied nonelderly adults whose youngest dependent is aged 14–18.

*Source:* SNAP Quality Control Database FY 2023 and USDA SNAP Data Tables in Oct. 2023.

**Table 1. Changes in State SNAP Benefit and Administrative Cost Share**

Panel A. Changes in Allotment Cost Share		
	Before	After
Federal	100%	100%, 95%, 90%, or 85%
State	0%	0%, 5%, 10%, or 15%

Panel B. Changes in Administrative Cost Share		
	Before	After
Federal	50%	25%
State	50%	75%

*Note:* A state’s allotment cost share is determined by its SNAP payment error rate from 3 years previously. The contribution rate is 5% if the state’s SNAP payment error rate is 6%–8% and 0% for any value below 6%. It goes up to 10% for any error rate between 8% and 10%. States with an error rate greater than or equal to 10% bear 15% of the allotment cost.  
*Source:* Compiled by authors based on Public Law 110-246 (2008 Farm Bill) and Public Law 119-21 (OBBA).

We assume no future changes in SNAP payment error rates and use the most recent data from FY 2024 to predict states’ share of allotment cost (Figure 2a). While a few states do not have to match SNAP allotment, most states are expected to feel the fiscal burden of SNAP benefits. States along the West and East Coasts generally have higher SNAP payment error rates and thus will bear the highest category of 15 percent program allotment cost. Along with the increase in states’ share in administrative cost, a sizable fiscal burden is shifted from the federal government to states. Using program cost information from Plata-Nino and Rosso (2025), Figure 2b shows estimated state total obligation by adding up these two parts of contribution. States with large caseloads or historically higher payment error rates will face the biggest pressure in general. California stands out, with an estimated annual total SNAP cost of more than \$2.5 billion, followed by New York at \$1.9 billion, Florida at roughly \$1.3 billion, and Texas at about \$1 billion.

The new cost-sharing rules may incentivize states to reduce payment errors and lower administration costs. However, the new rules risk penalizing states that serve more complex or diverse SNAP populations—households with limited resources, language barriers, or unstable employment—conditions that can drive higher error rates even with careful administration. For example, SNAP households must periodically complete a recertification interview, either by phone or in person, to confirm continued eligibility. Overwhelmed staff, delayed appointments, and incomplete paperwork all drive errors higher. In such cases, high error rates reflect underinvestment in administrative capacity rather than negligence. Yet under the new law, states with higher error rates face additional financial penalties, diverting resources away from program operations and potentially deepening the very underinvestment that caused the problem in the first place.

Budget pressures will also spill over into other policy areas. With limited public finance budgets, some states may preserve SNAP benefits by cutting back elsewhere—such as education, transportation, or other public services—while others might tighten eligibility or reduce outreach (Congressional Budget Office 2025a). The ripple effects could extend far beyond public budgets. Because SNAP relies on the commercial food retail network to distribute benefits, any reduction in program funding can quickly affect grocery stores. SNAP purchases account for roughly 12 percent of all grocery sales nationwide, and that share can reach as high as 60 percent for small or rural stores (Moran 2025). If benefit funding falls, local grocers could lose a key source of revenue, especially in rural regions with high SNAP participation (Ross and Andara 2025). Some stores may not survive, further limiting options for low-income families and widening the existing nutrition disparity in food access.



undermines this function; unlike the federal government, most states must balance their budgets and typically cut spending during recessions. As unemployment rises and state revenues fall, states need to simultaneously increase SNAP spending, bear higher administrative costs, and potentially face error-rate penalties—forcing the opposite policy responses when economic support is expected.

#### 4 A Return to Cost-Neutral Benefit Adjustments

SNAP benefits are designed to help households afford the cost of a basic healthy diet. That diet, known as the Thrifty Food Plan (TFP), is a basket of food items across food groups designed to provide a balanced diet and determines the maximum SNAP benefit a family of four could receive. The maximum SNAP benefit amount is updated each year through the Cost-of-Living Adjustment (COLA) to reflect general inflation. Specifically, SNAP maximum allotment in the next fiscal year is determined by the 1-year June-to-June change of an inflation index (Federal Reserve Bank of St. Louis, 2025a,b) and the current TFP cost. Over an 18-year range between 2007 and 2025, the June CPI food-at-home index grew faster than the general CPI-U for more than half of the period. While the annual COLA is necessary to help households catch up with inflation, it can be insufficient for years with high food inflation, especially in food categories with high demand and limited substitution options (e.g., eggs). It is worth noting that the annual COLA is not a category-by-category price adjustment but rather a simple mechanical update using the general inflation index.

Besides the annual inflation adjustment, the USDA also reevaluates the composition of the TFP basket less frequently. (Previous TFP reevaluation happened in 1983, 1999, 2006, and 2021.) TFP reevaluation reflects changes in food composition, consumption patterns, and dietary guidance, using current food prices to recalculate the cost. All previous TFP basket reevaluations, except the 2021 reevaluation, have been “cost-neutral,” meaning that the composition changed while the cost remained stable. However, the 2021 TFP basket reevaluation, mandated by the 2018 Farm Bill, broke with tradition and led to a permanent 21 percent increase in SNAP benefit costs. The 2018 Farm Bill also mandated regular TFP reevaluation every 5 years after the first revaluation by 2022. The OBBB mainly changes how benefits are calculated through TFP reevaluation in two ways. First, it postpones the next reevaluation until October 1, 2027, and casts uncertainty over the future revaluation schedule. Second, it restores the cost-neutrality requirement for TFP reevaluation. We summarize these changes in Table 2 to provide readers with an overview of changes, but analyzing the cost-neutrality requirement needs a more rigorous treatment of a wide selection of data and goes beyond the scope of this work.

**Table 2. SNAP benefit adjustment before and after the One Big Beautiful Bill (OBBB)**

Panel A. SNAP Benefit Adjustment Before the OBBB			
Adjustment	Basket	Cost	Frequency
COLA	N.A.	Follow CPI-U trend	Annual
TFP Reevaluation	Update composition	Current food price, and remove cost-neutrality (under the 2018 Farm Bill)	Every five years (under the 2018 Farm Bill)
Panel B. SNAP Benefit Adjustment After the OBBB			
Adjustment	Basket	Cost	Frequency
COLA	N.A.	Follow CPI-U trend	Annual
TFP Reevaluation	Update composition	Current food price, and restore cost-neutrality	Postpone the next one until Oct. 2027

Source: Compiled by authors based on Public Law 115-334 (2018 Farm Bill), Public Law 119-21 (OBBB), and USDA SNAP COLA Information.

## 5 Conclusion

Changes in SNAP reflect competing priorities: fiscal restraint versus food security, federal control versus state flexibility, work incentives versus practical barriers to employment. Whether SNAP can remain an effective nutrition safety net for low-income households while shifting billions in costs to states depends on state responses in the coming years and future adjustments from Congress. Early signals will reveal underlying food security and state budget pressures: food bank demand, benefit adequacy relative to food prices, state budget decisions, and employment outcomes for those facing new work requirements. Close monitoring of these indicators will be essential to identify problems while solutions are still possible.

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