Legislative Analysis: SNAP Cuts in Budget Reconciliation Irreparably Harms California

The House and Senate Budget Reconciliation bills would severely cut SNAP and harm 5.5 million, or 1 in 8 Californians, as well as undermine grocers, retailers, and farmers.

TOP LINE HARMS TO CALIFORNIA

House H.R. 1	Senate Passed Version

$300 billion in SNAP savings represents a 30% cut:
- California cuts:
  - $4 billion annually or $36 billion over the 9-year budget window
  - 488,160 jobs lost across the budget window using USDA ERS factor of 13,560 jobs per $1 billion in SNAP
	Estimated $220 billion cut (CBO scores pending)
	- California cuts:
	  - $30 billion over the budget window - represents a 20% cut
	  - 406,880 jobs lost across the budget window
	  - Grocery workers,
	  - truckers,
	  - farmworkers

Click here to estimate 20% Congressional District SNAP benefit and jobs cuts

Key stakeholder statements urging to vote no or sharing significant concerns:

- California Grocers Association, California Association of Food Banks, County Welfare Directors Association of California, End Child Poverty California, SEIU California, UFCW Western States Council, Western Center on Law & Poverty
- National Grocers Association
- National Council of State Legislatures
- American Public Human Services Association
- Feeding America

Section Analysis of the House Ag & Senate Floor Nutrition Provisions: Harms to California

1. State Cost Requirements Break SNAP's Federal Entitlement Structure

***Appendix A* has more information, including how H.R. 1's $0 tolerance QC proposal will artificially worsen accuracy of the error rate system.**

House Section	What it would do	California impact	Senate Version
10007	Immediately upon passage, states would be responsible for 75% of administrative costs (versus 50%).	FY 2023 data show total Administrative costs of $2.646B. **Shifting this to a 75% state portion would mean an annual increase of ~ $661 million.** **CBO score: -$27.357 billion**	SEC 10106. In FFY 28 (Oct 27), same cost shift of 75% state portion (versus 50%). **Shifting to 75% state Admin cost burden is an annual increase of ~ $661 million.** The current 50% state administrative share is 35% state and 15% counties
10006	Starting FY28, all states would be required to pay 5% of SNAP benefits. If a state has a payment error rate of between 6 and 8% the state cost requirement increases to 15%. Between 8 and 10% it increases to 20%. If the error rate is 10% or higher, the state share is 25%. Note that HR 1 proposes a $0 Quality Control tolerance threshold - **which would artificially inflate the error rate**. Reducing SNAP administrative funds that support accurate determinations,	In FY23 CA had an error rate of 13.40%. If CA needed to provide 25% of SNAP benefits, it would cost **$3.1 billion annually.** **Together with the 75% SNAP administrative cost burden, California would pay nearly $4 billion annually just to maintain current benefits and eligibility.** **California is in a deficit and will be unable to pay. Even if the state pays a portion, these scenarios highlight the deep cuts to eligibility and/or benefits.**	SEC 10105. Starting FY28, state matches would be based on payment error rates, using the error rate of 3 fiscal years prior (so FY25 for the FY28 cost shift calculation): <6% - 0% match 6-8% - 5% match 8-10% - 10% match >10% - 15% match *Except that states are temporarily incentivized to increase their error rates:* - *FY 25 Error rates of <13.33% means*

	and imposing complex new policies including on the 3-month time limit and the Standard Utility Allowance **will increase errors**. See Appendix A for more about the error rate. Helpful background here on how the error rate is only a piece of performance review, how states have considerable skin in the game and SNAP payments are overwhelmingly accurate.	In FY23 the national average was 11.68%. Most states had error rates higher than pre-pandemic levels due to unwinding from federal pandemic flexibilities. **CBO: this will cause some states to "leave SNAP entirely"; score = -$128.3 billion** **Also cuts $700M from child nutrition programs, impacting 420,000 children**	*the cost shift does not apply in FY28* - *FY 26 error rates of > 13.33% means the cost shift does not apply in FY29* There is no $0 QC tolerance provision. In FY24 CA had an error rate of 10.98%. In FY23 CA had an error rate of 13.40%. **A 15% SNAP benefit share would cost $1.84 billion. Together with the 75% SNAP administrative burden, California would need to pay nearly $2.5 billion annually just to maintain current eligibility and benefits.** **California is in a deficit and will be unable to pay. Even if the state pays a portion, these scenarios highlight the deep cuts to eligibility and/or benefits which will be required.**

2. Cuts SNAP By Preventing Future Updates to Benefit Amounts

House Section	What it would do	California impact	Senate Ag Version
10001	In the 2018 Farm Bill, Congress directed USDA to re-evaluate the underlying food costs used for SNAP benefit amounts (the "Thrifty Food Plan"). In 2021 USDA updated the Thrifty Food Plan for the first time in 50 years. SNAP	**Freezing the Thrifty Food Plan cuts SNAP for every Californian on SNAP in the future (currently, 1 in 8 Californians- about 5.5 million people - rely on SNAP to afford groceries).**	SEC 10101 - freeze is similar to House, minor changes to how the Thrifty is set

	benefits are now based on scientific nutrition standards, modern food prep, and food costs. The proposal prohibits USDA from making future increases to the cost of the Thrifty Food Plan - essentially freezing SNAP benefit amounts outside of a cost of living adjustment, without regard for future changes to nutrition standards, food purchasing patterns, or systemic changes in food costs.	SNAP grants are still too low: in every CA county, the SNAP benefit is inadequate to afford a modestly priced meal. Freezing the TFP will lead to even less adequate SNAP grants. Prior to the increase - USDA assumed people would buy bushels of potatoes and oranges, gallons of orange juice, etc. to meet the Dietary Guidelines- fine for some but not meeting the religious, dietary, time-tax, and other modern shopping needs of low income California families. **CBO score: -$36.8 billion**	**Also triggers cuts to:** **TEFAP food bank funding** **Summer EBT benefits**

3. Bars SNAP Benefits for Legally Present Immigrants

House Section	What it would do	California impact	Senate Version
10012	Bars all legally present "qualified" immigrants who are not Lawful Permanent Residents (LPRs) from receiving SNAP. This includes low-income legally present immigrants who have long qualified for SNAP under the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (P.L. 104-193) - such as immigrants granted asylum, refugee status, withholding of deportation, Cuban and Haitian entrants, humanitarian parolees, and conditional entrants. **Note**: Federal SNAP law already imposes a 5 year waiting period on many LPRs, parolees, and battered/VAWA immigrants - with the exception of LPR children and severely disabled LPR adults (2002 Farm Bill, P.L. 107-171).	The House proposal would primarily harm immigrants granted legal status on the basis of a well-founded fear of persecution and/or fleeing war torn countries, including refugees. **This will harm some 100,000 legally present immigrants residing in**	10108. Identical to House, except replaces the narrow exemption for certain Cuban entrants with "an alien who has been granted the status of Cuban and Haitian entrant, as defined in section 501(e) of the Refugee Education

	Undocumented immigrants, Temporary Protected Status, victims of violence (U visas), Deferred action and others have *never* been SNAP eligible.	**California - likely 20,000 children.**[1] **CBO score: -$3.9 billion**	Assistance Act of 1980 (Public Law 96–422).”

4. *Vastly Expands Cruel, Failed 3 Month Time-Limit to Families WIth Children as Young as 7, Older Adults Through Age 64*

See Appendix B for more information.

House Section	What it would do	California impact	Senate Version
10002	Expands existing harsh and ineffective 3-month time limit to include: ● parents or grandparents of children 7 or older, unless caring for the child while both married to and living with an adult meeting the work rules. ● older adults until they turn 65. Current law excludes all families with children under 18 and subjects older adults to the time limit until their 55th birthday. Congress expanded the time limit to include adults ages 50-54 in the Fiscal	Would put about **900,000 CA residents** at risk of losing some or all of their household’s SNAP benefits, including: - **645,000 in families with children 7-18** - **243,000 in households with older adults 55-64** This group represents **1 in 6 of the California SNAP caseload.** **Click here to see breakdowns by Congressional district.**	SEC 10102. Same as H.R. 1 except: - **Every adult (not just 1 married adult) must meet the work requirements** - **Immediately ends FRA exceptions for veterans, foster youth, and people experiencing homelessness (vs. 2030 sunset)** - Exempts parents or grandparents of children up to 14

[1] USDA’s FFY23 Characteristics of State Plans, Table B-16 identified that of the 4.9 million California SNAP recipients, 4,566,000 are US citizens (US born and naturalized); 30,000 are refugees and 322,000 were “other non-citizens” include LPRs, asylees, humanitarian parolees, Cuban/Haitian entrants etc. USDA’s FFY23 report does not break down participation further.

	Responsibility Act of 2023, and added new exemptions for adults who are homeless, veterans, or under 24 and were in foster care when they turned 18. The FRAs sunset the expanded age range **and** new exemptions on October 1, 2030. The bill would make the age and parent + grandparent expansions permanent. It would not make the FRA's three exemptions permanent - those would still sunset on October 1, 2030.	**Comments during Ag Committee markup indicate that half of this population - 450,000 or nearly 1 in 10 of every Californian on SNAP would lose SNAP entirely**. Research summary on the time limit's proven failure to improve work outcomes while dramatically reducing SNAP access. **CBO Score: -$92.5 billion**	- Exempts: ``an Indian or an Urban Indian (as such terms are defined in paragraphs (13) and (28) of section 4 of the Indian Health Care Improvement Act); or - `` a California Indian described in section 809(a) of the Indian Health Care Improvement Act.'' **Californians who will lose some or all of their SNAP:** **- 428,000 children 10-18 and family members (note final bill only 14-18)** **- 243,000 adults 55-64 and family members**

10003	Severely restricts the options states have to waive the time limit in areas with elevated rates of unemployment. Every state in the country has elected this option in the past. The proposed language would only allow states to choose to pursue this waiver if a county had an unemployment rate of over 10 percent - for a 12 month period - risking significant harm if the state experiences a recession or local economic downturn.	Contrary to false claims made during the Committee markup, California's current waiver, based on Bureau of Labor Statistics data, follows law and guidance that waivers are available when the average unemployment rate is 20 percent above the national average. The rules that California's waiver is based on are not vague but are based on precise criteria that are laid out in federal regulations (7 CFR 273.24(f)) and further detailed in FNS' guidance. **Hundreds of thousands of vulnerable Californians - particularly in growing regions with seasonal unemployment, as well as communities with labor market areas that cross county lines, would be at risk of losing SNAP if this became law. Very few counties would ever hit the bill's criteria of 10% average unemployment for a year (see map here that only 3 of 58 counties would qualify).**	SEC 10102 (b) Significantly limits geographic waivers to "areas" with unemployment rates over 10%, and removes the Secretary's authority to waive areas with insufficient jobs. *Includes a special exemption for "noncontinguous states" who have an unemployment rate of 1.5x the national average* **Like the House bill, this will significantly harm California communities - particularly in the Central Valley and other growing regions that have substantial seasonal work.** **California would lose waivers in all but 3 counties.**

10003	California has utilized an option called "discretionary months" it can use to selectively exempt individuals from the time limit for a single month at a time. The proposal reduces these 8 percent of the individuals required to meet the time limit rules to 1 percent. Congress has repeatedly slashed this state tool (from 15 percent to 12 percent in the 2018 Farm Bill, and from 12 percent to 8 percent in the Fiscal Responsibility Act of 2023).	This would harm DSS' and counties' ability to selectively extend the time limit for certain vulnerable adults. Especially with the prior provisions to allow the FRA exceptions for **veterans** and other vulnerable groups to expire, the loss of the discretionary months is particularly painful. **A 1 percent pool would essentially eliminate this option.**	SEC 10102 (b) No proposal. **The historic expansion of the time limit to parents and older adults, and elimination of FRA exceptions, remains overwhelmingly harmful.**
10008	Expands the "general work requirements" to include older adults ages 60 through 64.	These red-tape laden rules increase administrative complexity for DSS and counties, and risks harm for older adults.	No Senate provision.

5. Narrows State Option to Calculate Utilities and Bars Internet Costs

House Section	What it would do	California impact	Senate Version
10004	Reduces a state option to calculate shelter costs based on household eligibility for fuel assistance. Utility costs ("Standard Utility Allowance" or SUA) are part of the costs of living that impact the monthly SNAP benefit amount. California uses a state option in current federal law to simplify SUA administration. This option allows CDSS to	Would increase administrative burdens for DSS and counties, and risk underpayments to eligible working families and other struggling households who can't navigate the red tape of reporting their specific utility costs - which are	SEC 10103. Substantively identical to House

	apply a higher SUA to households who incur heating or air conditioning costs, or who receive fuel assistance. The proposal would limit the use of this option for fuel assistance recipients to only SNAP households with at least one member who is 60 or older or receiving a disability benefit.	often a part of rent for low-income families vs. separate itemized bills. **It will result in a SNAP cut for thousands of working families.** **CBO Score: -$5.94 billion** **Monthly benefits decrease by $100 for 3% of households (about 600,000 households)**	
10005	After an extensive regulatory process, in 2024 USDA acted on a number of public comments by adding internet costs as a relevant part of the SUA. Federal and state agencies recognize internet access is critical in the modern world for low-income households to look for work and participate in school or training programs. The proposal would eliminate this regulation improvement and prohibit states from counting internet costs in the SUA.	Barring internet costs from impacting the SNAP math is a harmful and outdated approach that will **cut SNAP for thousands of California working families.** **CBO score: -$10.98 billion**	SEC 10104. Identical to House.

6. Delays Benefits for Applicants Who Recently Moved Between States

Section	What it would do	California impact	Senate Version
10009	May delay applicants who receive SNAP in another state and moved from accessing other benefits the state administers. The proposal does not address how to improve bureaucracy to make sure people who move can readily close their case in the	This proposal could prevent eligible California residents from timely receiving SNAP benefits and accessing other	No proposal.

	state they left in order to open a new case in the state they moved to.	programs - even after they have verified California residency. **CBO Score: $7.402 billion**	

7. Eliminates SNAP Nutrition Education

House Section	What it would do	California impact	Senate Version
10011	Eliminate the Nutrition education and obesity prevention grant program	CDSS administers CalFresh Healthy Living, California's SNAP Nutrition Education program, connecting SNAP families to nutrition resources and services. A key initiative is to prevent the consumption of unhealthy sugary beverages, which would be eliminated along with all other programs. **CBO Score: -$5.47 billion**	SEC 10107 Identical to House

Appendix A: Additional information on the threat of a state cost requirement & relation to payment error rates

- **Unprecedented state cost requirements break SNAP's fundamental federal entitlement structure, and harm SNAP's effectiveness for generations.** SNAP benefits have been paid 100% by the federal government since the modern program was created in 1977 - nearly 50 years ago. Administration of the program is a 50/50 cost share. Forcing costs onto states will seriously undermine the program's role as the nation's foremost anti-hunger, anti-poverty program.
- As California must balance its budget, forcing SNAP costs will require California to cut funding for other priorities to fund SNAP, further shrink already tight eligibility rules, and/or harm its commitment to closing participation gaps and reaching eligible households.
- Requiring states to pay more to administer the program will likely increase error rates by FY28. States will have to shrink their overall administrative costs - this means fewer workers, fewer IT improvements, and worse customer service.
    - The vast majority of errors are from mistakes made by workers or clients trying to follow extremely complex rules. Most states are facing staffing challenges due to high turnover, inadequate investment, and high levels of need.

    - Federal disinvestment places significant pressure on CDSS and counties and *expands* the workload and capacity issues that cause mistakes, rather than reducing them.[2]
- Major reductions to FNS staffing further harm the ability of states and federal government to work together to address the root cause of errors. Many USDA Food and Nutrition Service staff with SNAP expertise were fired by the Administration or took resignation packages. The federal government's technical expertise and oversight needed to reduce errors is now sorely lacking.
- The error rate ("Quality Control" or QC) disregards overpayments and underpayments below a low threshold - this is called the "error tolerance threshold." In FY25, the threshold amount is $57. Starting FY26, Sec. 10010 would eliminate the threshold (by reducing it to $0). This would mean CDSS and all states have an error even in cases where a mistake caused a $1 or $2 dollar over or under issuance. Running the QC system without an error tolerance threshold is a foolish and unnecessary waste of state administrative resources - and, because it does not actually reflect systemic problems, it would artificially increase the error rate (increasing the state cost requirement).
    - In addition to the harm of Sec. 10010, FNS establishes regulations and policies that have the potential to change the error rate by changing the way cases are sampled and statistical analysis is conducted. This means that the administration could take steps to change how it calculates errors, and - misleadingly - inflate the error rate (resulting in even higher state cost percentages).

Appendix B: Additional information on the vast expansion of SNAP work requirements

- The House Agriculture committee has the most drastic expansion of SNAP Work Requirements (SNAP time limit) since the time limit was created by the 1996 PRWORA, including historic changes to subject parents with children and older adults to work-for-food rules.
- Decades of evidence show work requirements:
    - Ignore systemic barriers in the labor market. The expansion does nothing to create good, consistent jobs, expand training programs, or provide affordable, accessible child care.
    - Increase hunger and poverty for adults struggling to obtain and keep good jobs.
    - Create massive red-tape and burden that undermines employment and terminates SNAP for adults who should be exempt.

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[2] If a state has an elevated error rate that exceeds the national average by more than 105% for two consecutive fiscal years, FNS will apply a fiscal sanction. Historically, when FNS applied a sanction ("error rate liability"), it allowed states to invest half the amount of the sanction into program improvements to reduce the error rate, and waived the second half if the state successfully reduced its error rate. Charging states significantly more in a state cost requirement when error rates are elevated entirely upends this system that has served the program well for decades.