An Evaluation of Cost Saving Reforms of the Supplemental Nutrition Assistance Program

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Abstract

Congress is considering ways to reduce spending on the Supplemental Nutrition Assistance Program (SNAP) by $230 billion over ten years. Reforms are likely to include one or more of the following cost-saving elements: reducing the maximum SNAP benefit, reducing deductions, expanding work requirements, and ending broad based categorical eligibility. In this paper I analyze each of these reform elements individually, focusing on the consequences for the SNAP benefit schedule, targeting of benefits to low-income households, and work incentives. I then discuss implications for including these elements within broader SNAP reform proposals. As one example, I show how a combination of elements—expanding work requirements and eliminating the standard deduction and broad based categorical eligibility—can balance the goals of targeting and strengthening work incentives.

I. Introduction

Toward the goal of passing a reconciliation bill in the 119th United States Congress, on February 25, 2025 the House of Representatives agreed to a concurrent resolution on the budget for fiscal year 2025 (U.S. House of Representatives 2025). The resolution sets forth instructions to individual House Committees regarding changes in the budgetary levels for areas under their jurisdiction. The Committee on Agriculture was instructed to reduce the deficit by at least $230 billion over the ten year period from 2025 to 2034. Analysts expect budgetary reductions to be made largely within the Supplemental Nutrition Assistance Program (SNAP) (Bergh 2025).

SNAP is a means tested nutrition assistance program that provides benefits to recipients via electronic benefit transfer cards. A household of three received a maximum monthly SNAP benefit of $768 in fiscal year 2025, which eventually begins to phase out with additional income after certain deductions to income have been exhausted. A household can qualify for SNAP if their gross income is less than 130 percent of the federal poverty line (equal to about $34,000 on an annualized basis for a household of three), although in many states even higher income households can qualify under broad based categorical eligibility.

In fiscal year 2024, SNAP benefits totaled $94 billion (U.S. Department of Agriculture 2025b). If all of the Agriculture Committee's assigned $230 billion budgetary reductions are made through changes in SNAP benefits, it would require a $23 billion average annual reduction in benefits, or 25 percent of current SNAP benefits. While the ultimate share may be lower due to anticipated growth in SNAP benefits in future years (increasing the denominator) or cost savings achieved outside of SNAP (decreasing the numerator), lawmakers are likely to consider major SNAP spending reductions.

SNAP reform proposals generally include multiple elements, but any proposal that reduces overall costs must contain specific elements that reduce spending. In this paper, I analyze some of the most frequently discussed elements that would reduce SNAP spending, focusing on those with substantial potential cost savings that could be key components of a broader proposal to reduce SNAP spending by $230 billion over a decade. I analyze the following reform elements: (i) reducing the maximum SNAP benefit; (ii) reducing deductions to income for purposes of calculating a household's SNAP benefit; (iii) expanding work requirements to more SNAP recipients; and (iv) ending broad based categorical eligibility (BBCE), which effectively increases the income eligibility threshold from the standard 130% of the poverty line to as much as 200% of the poverty line, along with eliminating the asset test.

For each of these reform elements, I analyze the effect on the SNAP benefit schedule, targeting of benefits to lower income households, and work and marriage incentives. Because a large body of research suggests that workers respond more strongly to extensive margin work incentives (the decision to participate in work) than intensive margin work incentives (the decision to work more hours), I focus more heavily on extensive margin work incentives (see, for example, Nichols and Rothstein 2016). I then discuss the implications of the analysis of individual elements for broader reform proposals that combine these or other elements. As an example, I analyze one specific package of reforms that combines an expanded work requirement with the elimination of the standard deduction and BBCE.

This paper proceeds by analyzing each of the individual reform elements and then the implications for broader reform proposals.

II. Reducing the maximum benefit

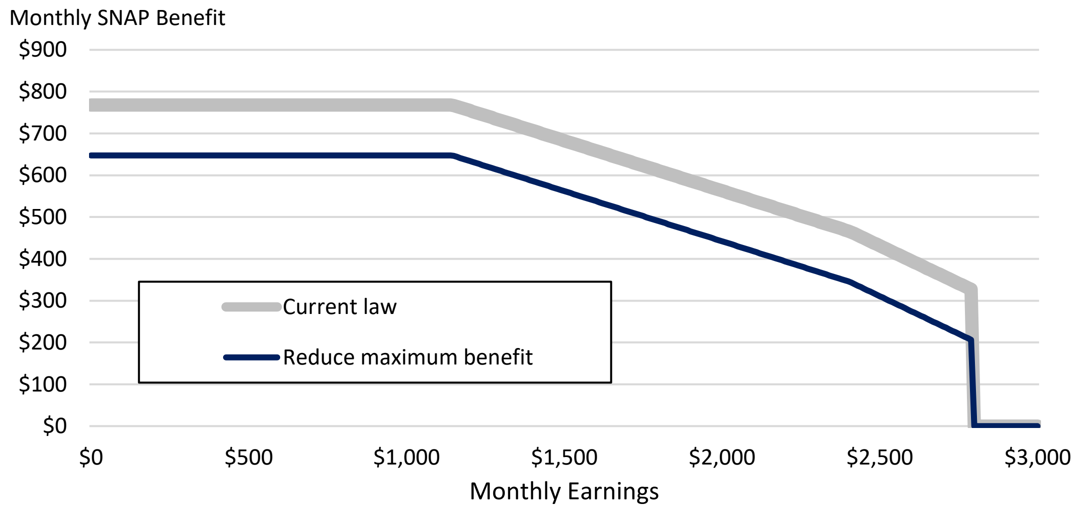
In 2021, the Food and Nutrition Service within the U.S. Department of Agriculture increased the real cost of the Thrifty Food plan—which determines the maximum SNAP benefit—deviating from historical precedent for making only cost neutral updates (Food and Nutrition Service 2021). While the Food and Nutrition Service argued that the 21% increase was justified by the Agricultural Improvement Act of 2018 (Food and Nutrition Service 2021), others have argued that the process for making the change did not follow established procedures (Government Accountability Office 2022; Rachidi 2022) and should be reversed (Greibrok 2025).

According to the Congressional Budget Office, the 2021 Thrifty Food Plan increase was the main cause of the $266 billion increase in SNAP outlays for 2022-2031 it reported in May 2022, with $72 billion resulting from "economic changes" including food price inflation (Congressional Budget Office 2022a). Thus, the cost savings of reversing the 2021 real increase in the Thrifty Food Plan would likely total around $200 billion, close to the $230 billion budgetary reduction assigned to the House Agriculture Committee.

While the maximum benefit could be reduced by other amounts, I model the reduction in the maximum SNAP benefit that would result from reversing the 2021 increase in the Thrifty Food Plan. To do so, I assume the fiscal year 2025 maximum SNAP benefit would have been equal to the fiscal year 2020 maximum benefit updated over time with the Consumer Price Index – Urban Series for food at home.[1] For a household of three, the maximum monthly SNAP benefit in fiscal year 2025 would fall from $768 to $647.

Figure 1 shows the SNAP benefit schedule under current law and with the lower maximum benefit, for a single parent with two children. The figure assumes the parent takes the earned income deduction as well as the standard deduction and excess shelter cost deduction. It assumes that the state does not provide BBCE, which would potentially extend SNAP benefits beyond 130% of the poverty line.

Figure 1. Monthly SNAP benefit by earnings under current law and reduced maximum benefit, single parent with two dependent children, fiscal year 2025



Notes: This figure reports the monthly SNAP benefit a single parent with two dependent children and no assets. Thick grey line represents current law. Thin blue line represents a reduction in the maximum monthly benefit from $768 to $647. All countable income is assumed to come from earnings. Parent is assumed to take the earned income deduction as well as the standard deduction and excess shelter cost deduction. Her monthly shelter cost is $1,572, the U.S. median monthly rent for 3-bedroom apartment in 2023, the latest available data from the American Community Survey. Figure assumes the state does not offer broad based categorical eligibility.
Source: U.S. Department of Agriculture; U.S. Bureau of Labor Statistics; American Community Survey, 2023; Author's calculations

[1] Technically, the U.S. Department of Agriculture Food and Nutrition Service updates the maximum benefit based on the price increase of each food item in the market basket of the Thrifty Food Plan, matched to a corresponding Consumer Price Index for a category of food items. As a simplification, I use the Consumer Price Index for all food at home.

Under current law, the household receives the $768 maximum benefit if the parent has no earnings. The benefit does not begin phasing out until her earnings reach $1,150 due to deductions. The SNAP benefit then phases out at a rate of 24% to 36% until her earnings exceed the monthly gross income eligibility threshold of about $2,800 (130% of the poverty line).

Reducing the maximum benefit from $768 to $647 amounts to a $121 decrease. The SNAP benefit falls by $121 at every level of earnings. Since the dollar loss in benefits is smallest in percentage terms for the lowest income households who receive the highest baseline SNAP benefit, this reform would improve targeting. Notably, all households of a given household size, regardless of the presence of children or individuals who are elderly or disabled, receive the same benefit reduction.

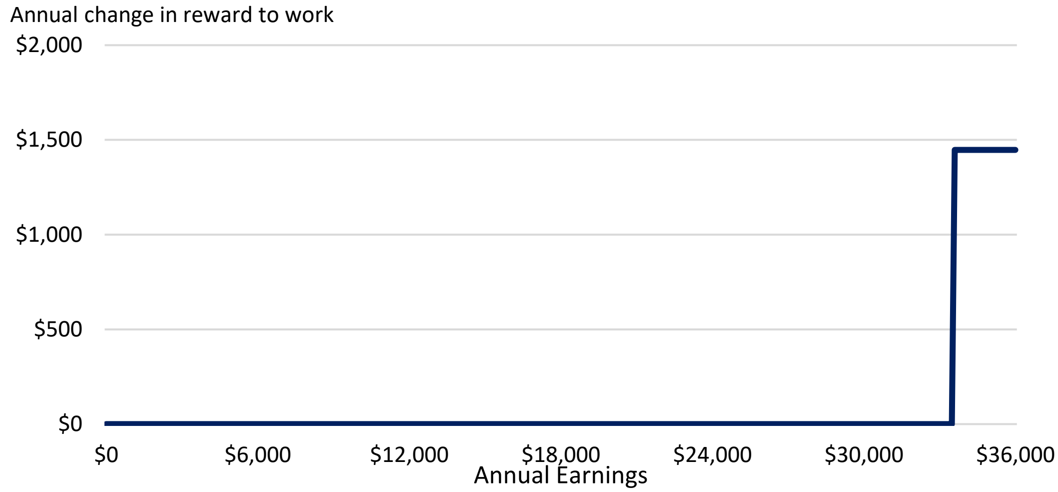
I next consider the effect of reducing the maximum SNAP benefit on work incentives, focusing on the extensive margin. I report the dollar change in the return to work, or in other words, how much more income a worker receives as a result of working. The return to work is equal to income when working minus income when not working, where income accounts for taxes and transfer payments. Because SNAP benefits do not affect taxes or other major transfer program benefits, the change in the return to work is given by

$$\Delta RTW = \left[SNAP_j(E) - SNAP_j(0)\right] - [SNAP_0(E) - SNAP_0(0)]$$

where ΔRTW is the change in the return to work, $SNAP_j(E)$ is the SNAP benefit given earnings E under reform option j, and $SNAP_0(E)$ is the SNAP benefit given earnings E under current law.

Figure 2 reports the change in the annual return to work due to reducing the maximum benefit. Reducing the maximum benefit would not affect the return to work for any SNAP recipients who have less than about $33,500 of earnings, for a household of three. While the monthly SNAP benefit when not working falls by $121, it falls by the same $121 when working as well, leading to no change in the return to work. However, the return to work would increase for households whose earnings, when working, would exceed the eligibility threshold. For them, the annual return to work increases by $1,447 ($121 times 12 months), because their SNAP benefit when not working falls, but their SNAP benefit when working remains at zero.

Figure 2. Change in the annual return to work due to reducing the maximum benefit, single parent with two dependent children, fiscal year 2025



Notes: This figure reports the change in the annual return due to reducing the maximum monthly benefit from $768 to $647, for a single parent with two dependent children and no assets. All countable income is assumed to come from earnings. Parent is assumed to take the earned income deduction as well as the standard deduction and excess shelter cost deduction. Her monthly shelter cost is $1,572, the U.S. median monthly rent for 3-bedroom apartment in 2023, the latest available data from the American Community Survey. Figure assumes the state does not offer broad based categorical eligibility.
Source: U.S. Department of Agriculture; U.S. Bureau of Labor Statistics; American Community Survey, 2023; Author's calculations

Intensive margin work incentives would be strengthened for SNAP recipients just below the eligibility threshold, since their benefit loss would be less upon crossing the eligibility threshold. Marriage incentives would be strengthened because adding a spouse whose earnings disqualified the married couple from SNAP would represent a smaller loss when the SNAP benefit is smaller in the first place.

III. Reducing deductions

When determining monthly income for purposes of calculating SNAP benefits, households are allowed several deductions. These include a standard deduction of $204 (for a household with one to three people), an excess shelter cost deduction up to $712 (uncapped for households with an elderly or disabled member), a dependent care deduction, a medical expense deduction for elderly or disabled individuals, and in some states, child support payments made to others (U.S. Department of Agriculture 2025a). In addition, households can deduct 20% of their earnings from their income for purposes of determining their SNAP benefit.

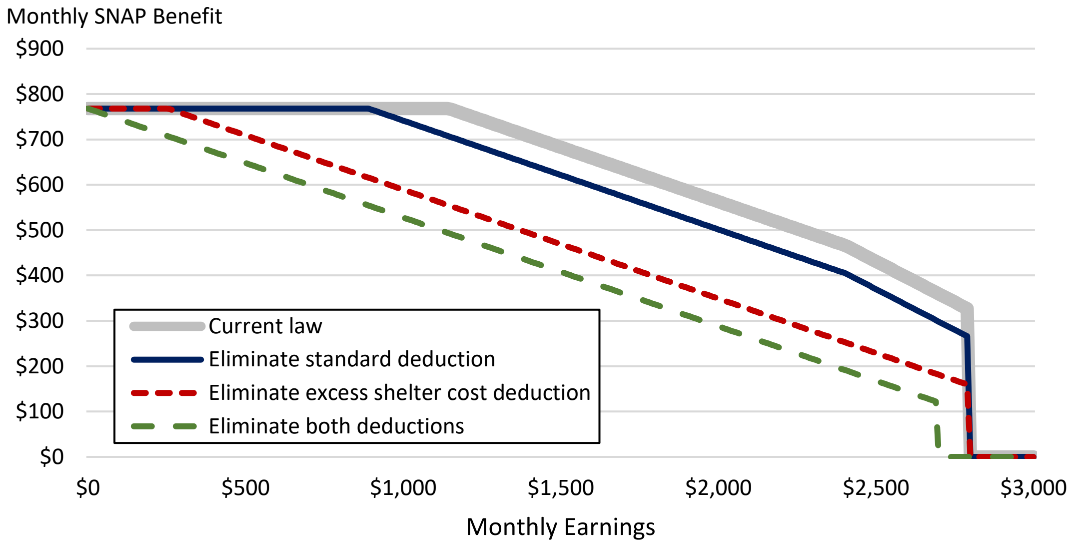
Reducing or eliminating deductions would result in substantial cost savings. Though I do not estimate those cost savings here, their high value can be illustrated by highly simplified examples. If we assume a SNAP household faces a 24% phase out rate (the effective phase-out based on earned income when accounting for the earned income deduction and ignoring other interacting deductions), then a $204 standard deduction increases their SNAP benefits by $49 ($0.24 times $204) as long as they have at least $204 in monthly income against which the deduction can be applied. For purposes of illustration only, applying a $49 monthly benefit to all 20.7 million SNAP households would imply an annual benefit increase of $12.2 billion as a result of the standard deduction (Monkovic and Weston 2024; author's calculations). This does not account, for example, for households with no countable income who receive the maximum benefit regardless of any deductions.

The excess shelter cost deduction is more valuable than the standard deduction. Out of 20.7 million SNAP recipient households in fiscal year 2022, 14.1 million received the excess shelter cost deduction with an average monthly value of $466 per household (Monkovic and Weston 2024; author's calculations). Again applying a $0.24 increase in SNAP per dollar of the value of the deduction to the 14.1 million households who claimed it, an illustrative calculation implies an annual benefit increase of $18.9 billion as a result of the excess shelter cost deduction. The sum of the illustrative aggregate benefit increase due to the standard deduction and excess shelter cost deduction is $31.0 billion annually.

These illustrative calculations are not cost savings estimates. They do not account for differences in phase out rates across households, whether households have sufficient income to benefit from the full deductions, the interactions between deductions, among other factors. Nonetheless, these simple calculations suggest that substantial cost savings would result from substantially reducing deductions.

I consider three ways of reducing deductions, including eliminating the standard deduction, eliminating the excess shelter cost deduction, and eliminating both. Figure 3 reports the SNAP benefit schedule under current law and each of these reforms to deductions. The figure assumes the household does not claim the dependent care deduction, medical expense deduction for elderly or disabled individuals, or the deduction for child support payments made. These deductions are much less common. In fiscal year 2022, whereas 26% of households claimed the earned income deduction and 68% claimed the excess shelter cost deduction (and the standard deduction is automatically applied), only 2% claimed the dependent care deduction, 6% claimed the medical expense deduction, and 1% claimed the child support deduction (Monkovic and Weston 2024).

Figure 3. Monthly SNAP benefit by earnings under current law and when eliminating certain deductions, single parent with two dependent children, fiscal year 2025



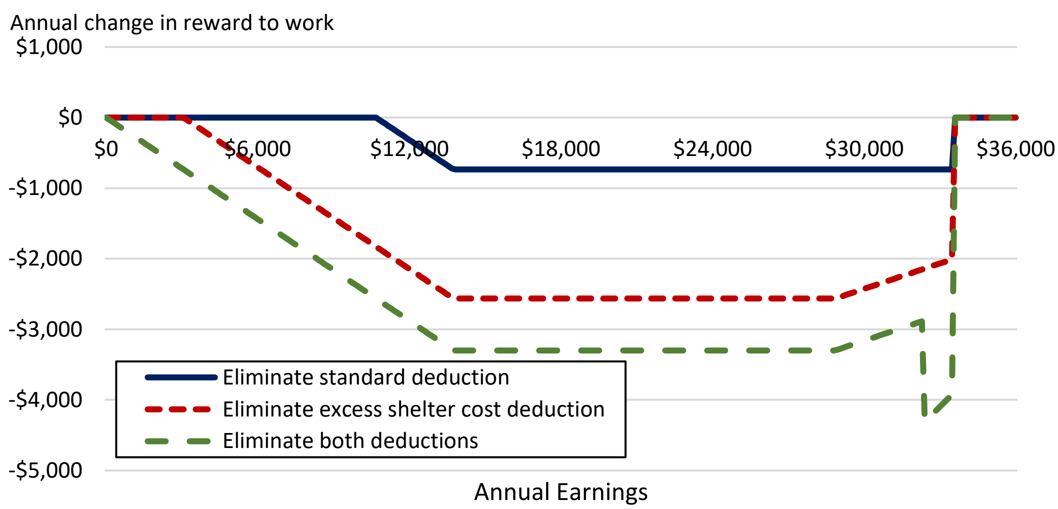
Notes: This figure reports the monthly SNAP benefit a single parent with two dependent children and no assets. Thick grey line represents current law. Thin blue line represents elimination of the standard deduction. Dashed red line represents elimination of the excess shelter cost deduction. Long dashed green line represents elimination of the standard deduction and excess shelter cost deduction. All countable income is assumed to come from earnings. Parent is assumed to take the earned income deduction as well as the standard deduction and excess shelter cost deduction when available. Her monthly shelter cost is $1,572, the U.S. median monthly rent for 3-bedroom apartment in 2023, the latest available data from the American Community Survey. Figure assumes the state does not offer broad based categorical eligibility.
Source: U.S. Department of Agriculture; U.S. Bureau of Labor Statistics; American Community Survey, 2023; Author's calculations

Under each of the reforms, the $768 maximum benefit is maintained if the parent has no earnings. However, benefits begin to phase out sooner, beginning with the first dollar of earnings when eliminating both the standard deduction and the excess shelter cost deduction. The net income eligibility threshold binds when both deductions are eliminated, since the household only benefits from the earned income deduction. This causes the household to lose eligibility for SNAP sooner than under current law or when only eliminating one of the deductions.

Eliminating deductions improves targeting on the basis of income. Households with no income would experience no reduction in SNAP benefits. Households with strictly positive income would lose benefits, and as income grows, the benefit loss would be higher. Once income reaches around $1,150, the point at which benefits begin to phase out under current law for the household in Figure 3, the benefit loss does not change as much with rising income because benefits continue to phase out under both current law and the reform.

Figure 4 reports effects on work participation incentives. Eliminating both deductions would decrease the return to work for all SNAP recipients. The annual return to work falls by over $3,000 if the parent earns between around $12,500 and $31,200 per year. This is a large decrease. For context, the Earned Income Tax Credit, widely acknowledged to substantially boost labor supply among single mothers, increases the annual return to work by up to around $7,000 for a single parent with two children, although this applies to a narrower range of earnings.

Figure 4. Change in the annual return to work due to eliminating certain deductions, single parent with two dependent children, fiscal year 2025



Notes: This figure reports the change in the annual return due to eliminating the standard deduction, the excess shelter cost deduction, or both, for a single parent with two dependent children and no assets. All countable income is assumed to come from earnings. Parent is assumed to take the earned income deduction as well as the standard deduction and excess shelter cost deduction when available. Her monthly shelter cost is $1,572, the U.S. median monthly rent for 3-bedroom apartment in 2023, the latest available data from the American Community Survey. Figure assumes the state does not offer broad based categorical eligibility.
Source: U.S. Department of Agriculture; U.S. Bureau of Labor Statistics; American Community Survey, 2023; Author's calculations

The reason eliminating deductions would substantially weaken the return to work is that the SNAP benefit when not working is held fixed, while the SNAP benefit when working falls substantially. Eliminating deductions would not affect the return to work for individuals who earn too much to receive SNAP when working. Eliminating only the standard deduction would decrease the return to work by up to $734, while eliminating only the excess shelter cost deduction would decrease the return to work by up to $2,498.

Intensive margin work incentives would be weakened for workers with low earnings who are on the flat part of the benefit schedule under current law, with little change for those currently on the phase out portion of the schedule but well short of the eligibility threshold. Intensive margin work incentives would be strengthened for workers near the eligibility threshold, since they would lose a smaller amount of benefits when crossing the threshold. Marriage incentives would generally be strengthened for working single parents who, as a result of the reforms, would experience a smaller benefit loss when marrying a spouse that led them to lose SNAP eligibility. For the smaller share of single parents who do not work, marriage incentives would be weakened for marrying a spouse with modest wages.

IV. Expanding work requirements

Under current law, SNAP applies to certain recipients a three month time limit for SNAP benefit receipt unless recipients work—or participate in a work program—for at least 80 hours per month. This work requirement applies to non-disabled adults age 18-54 without dependent children, with exemptions for veterans, homeless individuals, and individuals aging out of foster care. States can seeks waivers from this work requirement based on local economic conditions (see Burkhauser et al. 2024 for an analysis of how waiver receipt responds to economic conditions). There is also a “general work requirement” for individuals age 16-59 that requires them to “register” to work or accept work training if offered a spot, although in practice this requirement is usually not enforced. Some proposals would expand the 80 hour per month work requirement to more adults—to a broader age range and to parents with dependent children (Council of Economic Advisers 2018; Johnson 2025).

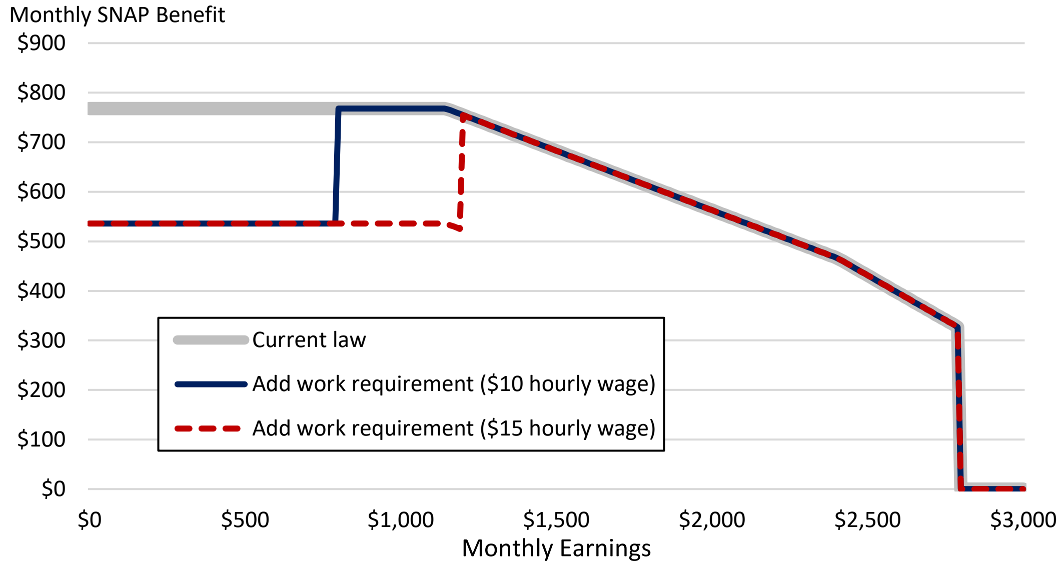
I am unaware of existing cost saving estimates of expanding SNAP work requirements.[2] In the appendix, I calculate that annual savings from expanding work requirements to all non-disabled individuals age 18-59 could total as much as $17.4 billion, although the actual cost savings are likely to be lower for at least three reasons. First, some individuals newly subject to a work requirement may be offered newly created spots in SNAP employment and training programs, which can be costly if the federal government were to increase funding for these activities. Second, wider use of exemptions to work requirements—relative to the status quo—based on attendance in school, the presence of young children in the household, compliance of a spouse, or other factors would also reduce cost savings because fewer individuals would be subject to the work requirements. Third, states might be allowed to continue waiving work requirements based on local economic conditions, as they do under current law, which could further decrease the pool of individuals subject to work requirements. Thus, while expanding work requirements would substantially decrease SNAP spending, it would likely do so by substantially less than the $230 billion ten-year budgetary savings assigned to the House Agriculture Committee.

For this reform, I assume an 80 hour per month work requirement is applied to all non-disabled adults aged 18-59, including those with children. Households with parents who do not comply with the work requirement would still receive SNAP benefits on behalf of all children, disabled adults, and elderly adults. Elderly individuals and disabled individuals would not be subject to the work requirement.

Figure 5 reports the SNAP benefit schedule under current law and expanded work requirements, which would cover the single parent represented here. I consider two possible hourly wages for the mother, including $10 and $15, under the assumption that she takes the hourly wage as fixed given her skills and job opportunities. Failure to comply with the work requirement causes the SNAP benefit to be recalculated based on a household size of two instead of three. Working 80 hours per month at $10 ($15) per hour requires the parent to earn at least $800 ($1,200) per month in order to comply with the work requirement. Thus, her household SNAP benefit is reduced by $232 if she earns less than $800 ($1,200).

[2] Congressional Budget Office (2022b) evaluates a proposal to expand SNAP work requirements, but does not provide a cost estimate.

Figure 5. Monthly SNAP benefit by earnings under current law and when adding work requirement, single parent with two dependent children, fiscal year 2025

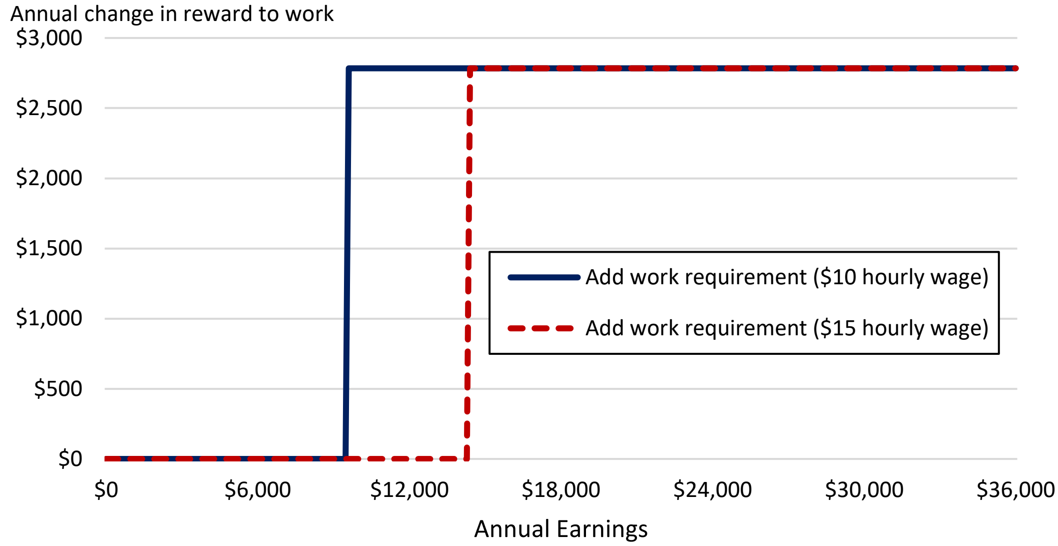


Notes: This figure reports the monthly SNAP benefit a single parent with two dependent children and no assets. Thick grey line represents current law. Blue line and dashed red line represent the addition of a work requirement on the parent, assuming an hourly wage of $10 (blue line) and $15 (dashed red line). If the parent works less than 80 hours per week, her household's SNAP benefit is recalculated based on including only two members. Parent is assumed to take the earned income deduction as well as the standard deduction and excess shelter cost deduction. Her monthly shelter cost is $1,572, the U.S. median monthly rent for 3-bedroom apartment in 2023, the latest available data from the American Community Survey. Figure assumes the state does not offer broad based categorical eligibility.
Source: U.S. Department of Agriculture; U.S. Bureau of Labor Statistics; American Community Survey, 2023; Author's calculations

Expanding work requirements would worsen targeting to those with lower incomes, though only for households with a non-disabled adult age 18-59. Such households with four or fewer members and no other income experience a SNAP benefit reduction of more than $200. Among households with at least one member subject to the work requirement, only those who comply with the work requirement and thus have an income high enough to satisfy it experience no loss in benefits. Notably, Congress could also allow work requirement exemptions for some non-disabled working age individuals, which could improve targeting though reduce cost savings.

Work requirements strengthen work incentives. Figure 6 reports the change in the return to work when adding an 80 hour per month work requirement for a single parent with two children. Her return to work does not change if she works less than 80 hours per month, while increasing by about $2,780 if she works at least 80 hours per month. This increase again is substantial relative to other major work promoting policies such as the Earned Income Tax Credit. This higher return to work is also experienced by individuals who, when working, earn enough to not be eligible for SNAP. This is because the SNAP benefit they would receive if they fail to work falls, while their SNAP benefit when working remains at zero.

Figure 6. Change in the annual return to work due to expanding work requirements, single parent with two dependent children, fiscal year 2025



Notes: This figure reports the change in the annual return due to adding a work requirement of 80 hours per month, for a single parent with two dependent children and no assets, who earns either $10 (blue line) or $15 (dashed red line) per hour. All countable income is assumed to come from earnings. Parent is assumed to take the earned income deduction as well as the standard deduction and excess shelter cost deduction. Her monthly shelter cost is $1,572, the U.S. median monthly rent for 3-bedroom apartment in 2023, the latest available data from the American Community Survey. Figure assumes the state does not offer broad based categorical eligibility.
Source: U.S. Department of Agriculture; U.S. Bureau of Labor Statistics; American Community Survey, 2023; Author's calculations

Intensive margin work incentives are generally unaffected, except for workers currently working but for less than 80 hours per week, who face a stronger incentive to move up to 80 hours. Marriage incentives would rise for single parents who do not comply with the work requirement, because they would give up a smaller SNAP benefit by marrying a spouse whose income makes the household ineligible for SNAP. Marriage incentives for a compliant single parent would not generally change.

V. Ending broad based categorical eligibility

Broad based categorical eligibility (BBCE) allows households to qualify for SNAP even if their gross income (before deductions are applied) exceeds the 130% of the poverty line eligibility threshold, or (in most states) if they have assets that would otherwise disqualify them from SNAP.[3] As long as a household receives a non-cash benefit from the Temporary Assistance for Needy Families (TANF) program or states' maintenance of effort (MOE), they can qualify for SNAP as well. The non-cash benefits typically take the form of an informational brochure or other token benefit. Because households qualify for these TANF or MOE benefits with gross incomes of up to 200% of the poverty line in most states, and without asset limits, this effectively extends SNAP eligibility to up to 200% of the poverty line and removes the asset test in these states. As of October 2024, 41 states and the District of Columbia offered BBCE (Food and Nutrition Service 2024).

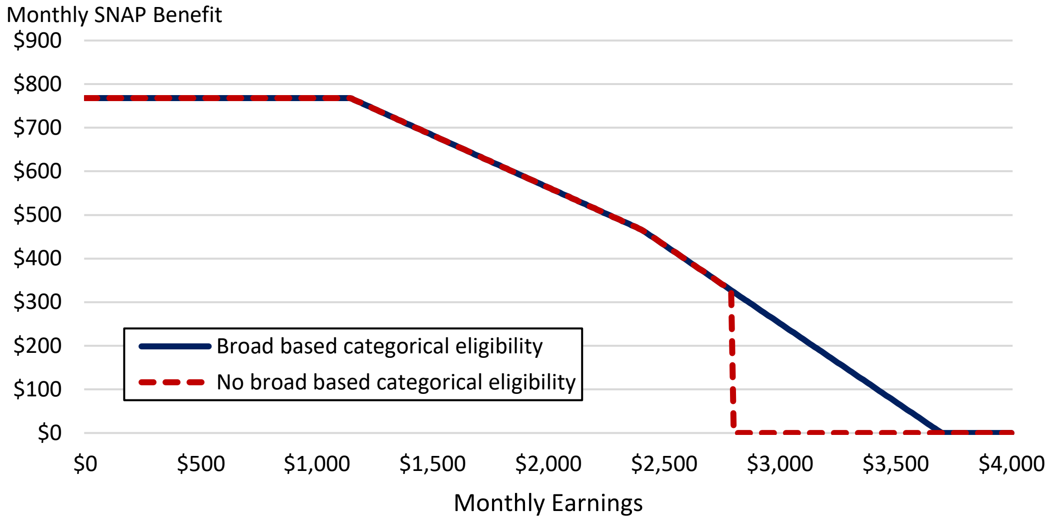
There have been some attempts to reign in BBCE, including in the House passed "Farm Bills" in 2014 and 2018, and during the first Trump Administration via regulation (Aussenberg and Falk 2022). More recently, Terryberry (2023) argues for ending broad based categorical eligibility.

The cost savings from ending broad based categorical eligibility would be significant, though much smaller than the $230 billion savings assigned to the House Agriculture Committee. The regulatory impact analysis of the Trump Administration rule estimated an annual savings of around $3 billion per year. Given that the maximum SNAP benefit increased by over 50 percent since 2019 when the analysis was published, the savings would be larger if put into place starting in 2025, potentially around $45 billion over a decade.

Figure 7 reports the monthly SNAP benefit schedule for a single parent with two children, with and without BBCE. Notably, previous figures in this paper reporting SNAP benefit schedules corresponded to states without BBCE. Figures 7 shows the effect of eliminating BBCE in states that currently have it in place. The schedules are identical, except when earnings exceed 130 percent of the poverty line at which point SNAP benefits are retained only when BBCE is in effect.

[3] Four states with broad based categorical eligibility maintain an asset test (Aussenberg and Falk 2024).

Figure 7. Monthly SNAP benefit by earnings, with and without broad based categorical eligibility, single parent with two dependent children, fiscal year 2025

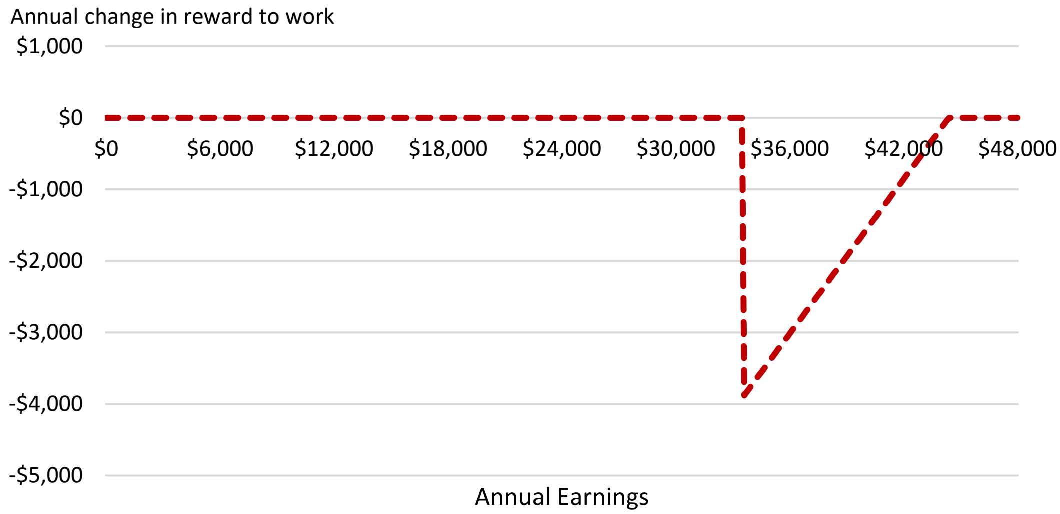


Notes: This figure reports the monthly SNAP benefit a single parent with two dependent children and no assets. Solid blue line corresponds to having broad based categorical eligibility. Dashed red line corresponds to not having broad based categorical eligibility. Parent is assumed to take the earned income deduction as well as the standard deduction and excess shelter cost deduction. Her monthly shelter cost is $1,572, the U.S. median monthly rent for 3-bedroom apartment in 2023, the latest available data from the American Community Survey.
Source: U.S. Department of Agriculture; U.S. Bureau of Labor Statistics; American Community Survey, 2023; Author's calculations

Eliminating BBCE is likely to improve targeting, although it is not completely clear solely from the figure. While eliminating BBCE appears to improve targeting—since benefits to higher income households are eliminated while benefits to lower income households are retained—Figure 7 does not show the effect of imposing the asset test, which would be reinstated if BBCE were eliminated. To the extent that households with assets that exceed the asset limit but still receive SNAP under BBCE have relatively higher incomes, eliminating BBCE will improve targeting to lower income households. Even if such households have lower incomes, their higher assets might suggest they have higher well-being than the average SNAP recipient household.

Figure 8 reports the change in extensive margin work incentives when eliminating BBCE. Work incentives of workers earning below 130% of the poverty line are not affected. However, workers who earn just more than 130% of the poverty line when working see a sharp reduction in the return to work, because working results in losing all of their SNAP benefit, instead of only some of it. In the case of a single parent with two children, the return to work falls by over $1,000 for those who earn between $33,600 and $41,500 annually. Thus, while the decline in the return to work can be substantial, it is only experienced within a relatively narrow range of relatively higher earnings where it is relatively less likely to affect employment decisions.

Figure 8. Change in the annual return to work due to eliminating broad based categorical eligibility, single parent with two dependent children, fiscal year 2025



Notes: This figure reports the change in the annual return due to eliminating broad based categorical eligibility, for a single parent with two dependent children and no assets. All countable income is assumed to come from earnings. Parent is assumed to take the earned income deduction as well as the standard deduction and excess shelter cost deduction. Her monthly shelter cost is $1,572, the U.S. median monthly rent for 3-bedroom apartment in 2023, the latest available data from the American Community Survey.
Source: U.S. Department of Agriculture; U.S. Bureau of Labor Statistics; American Community Survey, 2023; Author's calculations

Intensive margin work incentives are unchanged for those with incomes well below 130% of the poverty line. However, households with income just below 130% of the poverty line would face a substantial benefit cliff as a result of ending BBCE. At the same time, ending BBCE would increase intensive margin work incentives for SNAP recipient households with incomes above 130% of the poverty line, since they would no longer receive SNAP and thus not face a benefit phase out as they increased their earnings. Changes in marriage incentives would be minor given the small range over which the benefit schedule is affected.

VI. Combining reform elements

As lawmakers consider options for reducing SNAP spending, it is important to consider the effects of any potential reform on who receives benefits and how much they receive, the targeting of benefits to lower income households, and work incentives. This paper analyzes the effects on these dimensions of four cost-saving reforms, which will likely be among those considered by lawmakers, especially if they seek to achieve the ten-year cost savings of $230 billion assigned to the House Agriculture Committee.

Decreasing the maximum SNAP benefit would spread the reduction in benefits across all SNAP recipients, which has the advantage of minimizing the loss experienced by any single group. It would improve targeting and strengthen work participation incentives for relatively higher earning individuals. It would have little effect on the incentive to work additional hours except for individuals near the SNAP eligibility threshold, for whom it would increase intensive margin work incentives. For the same reason, it would strengthen marriage incentives for most single parents.

Eliminating certain deductions would prevent the lowest income SNAP recipients from experiencing any SNAP benefit loss, thus substantially improving the targeting of SNAP to those with low incomes. This improvement in targeting would come at the cost of substantially weakening the incentive to participate in work. Intensive margin work incentives would be weakened for those with the lowest earnings levels, but they would be strengthened for those with relatively higher earnings. Marriage incentives would be strengthened for most recipients, especially working single parents.

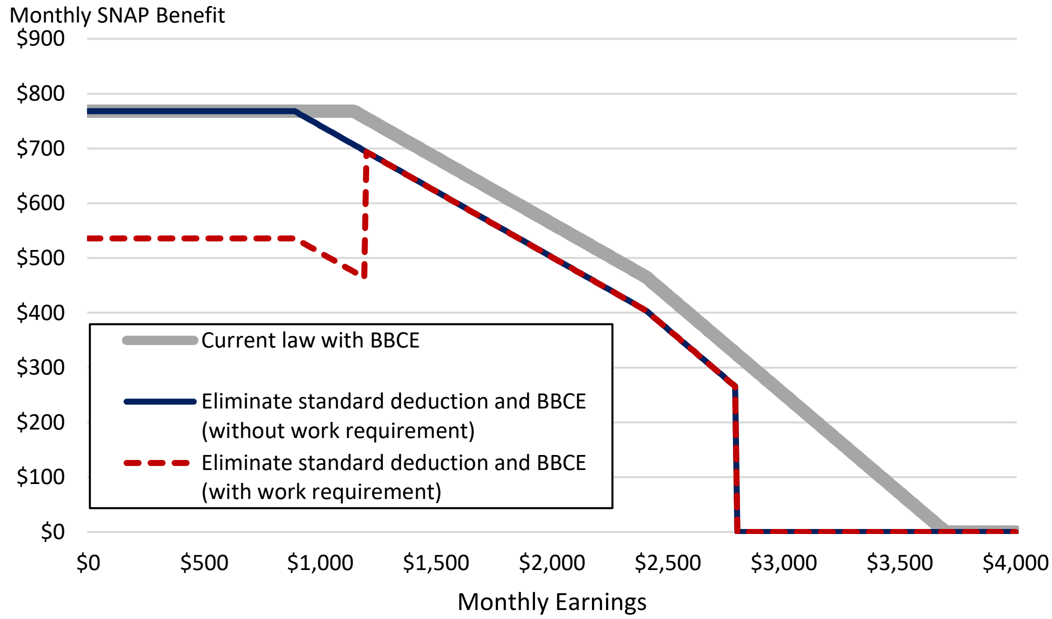
Expanding work requirements would substantially strengthen extensive margin work incentives, but at the cost of worsening targeting as those who do not comply with the work requirement and thus have lower incomes would suffer a loss in benefits. Intensive margin work incentives would be unaffected, except for those currently working but less than the required 80 hours per month, for whom the incentive to work more hours would grow. Unlike the other reform options, this reform would not reduce benefits for households in which there are no non-disabled working-age individuals.

Ending BBCE would improve targeting, reducing SNAP benefits for households with higher incomes or high assets. It would weaken extensive margin work incentives over a small range of relatively higher earners, have mixed effects on intensive margin work incentives and little effect on marriage incentives.

Policymakers are likely to consider policy packages that include combinations of these reform elements, which could potentially balance improvements in targeting with strengthening of work incentives. For example, if lawmakers prefer not to reduce the maximum SNAP benefit, they could create a reform package that includes eliminating the standard deduction (but preserving the other deductions), imposing work requirements, and ending BBCE.

Figure 9 reports the corresponding monthly SNAP benefit schedule, for a single parent with two children. The thick grey line represents current law in a state with BBCE. Both the solid blue line and dashed red line eliminate BBCE and the standard deduction. But the dashed red line adds a work requirement while the solid blue line does not. Thus, the solid blue line corresponds to the benefit schedule for households in which no member is subject to the work requirement.

Figure 9. Monthly SNAP benefit by earnings, various reforms, single parent with two dependent children, fiscal year 2025

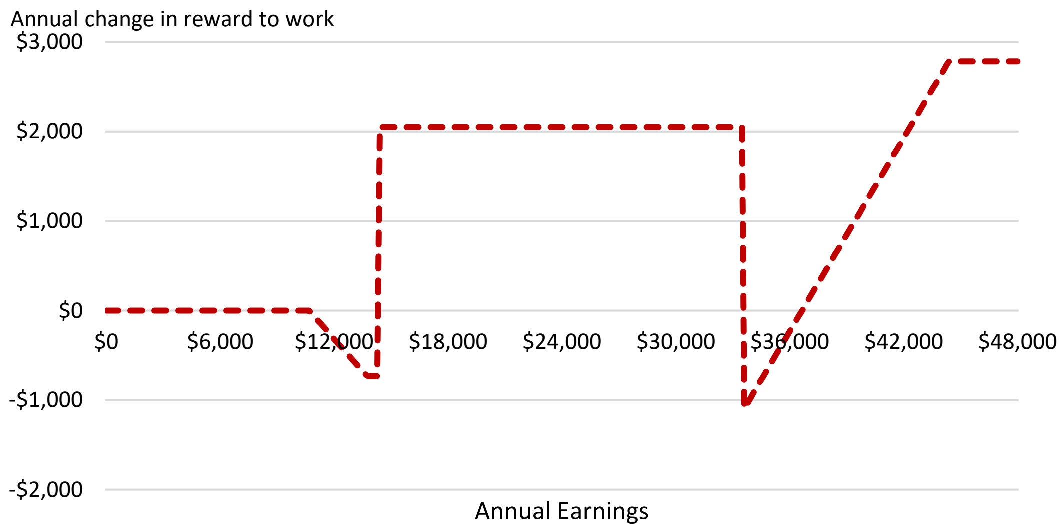


Notes: This figure reports the monthly SNAP benefit a single parent with two dependent children and no assets. Thick grey line corresponds to current law in a state with broad based categorical eligibility (BBCE). Solid blue line corresponds to the elimination of both the standard deduction and BBCE, with no work requirement. Dashed red line corresponds to the elimination of both the standard deduction and BBCE, with a work requirement. Parent is assumed to take the earned income deduction as well as the standard deduction (when available) and excess shelter cost deduction. Her monthly shelter cost is $1,572, the U.S. median monthly rent for 3-bedroom apartment in 2023, the latest available data from the American Community Survey.
Source: U.S. Department of Agriculture; U.S. Bureau of Labor Statistics; American Community Survey, 2023; Author's calculations

This combination of reforms improves targeting for households not subject to the work requirement by maintaining the maximum SNAP benefit for those with no income, but phasing out benefits slightly sooner and then eliminating benefits for households with income above 130% of the poverty line. However, the lowest income households subject to the work requirement lose benefits, unless they change their work behavior.

Figure 10 reports the change in the annual return to work for those subject to the work requirement. The change in the return to work is less relevant for those not subject to the work requirement, if we do not expect them to work in the first place. This combination of reforms increases the return to work for almost all workers. The annual return to work increases by $2,000 for workers who earn around $15,000 to $33,000, and by almost $2,800 for workers who earn over $44,000. Adding a work requirement reverses the reduction in the return to work caused by eliminating the standard deduction and BBCE.

Figure 10. Change in the annual return to work due to adding a work requirement and eliminating the standard deduction and broad based categorical eligibility, single parent with two dependent children, fiscal year 2025



Notes: This figure reports the change in the annual return due to eliminating the standard deduction and BBCE, and adding a work requirement, for a single parent with two dependent children and no assets who earns $15 per hour. All countable income is assumed to come from earnings. Parent is assumed to take the earned income deduction as well as the standard deduction (under current law) and excess shelter cost deduction. Her monthly shelter cost is $1,572, the U.S. median monthly rent for 3-bedroom apartment in 2023, the latest available data from the American Community Survey.
Source: U.S. Department of Agriculture; U.S. Bureau of Labor Statistics; American Community Survey, 2023; Author's calculations

Of course, other combinations of reforms are possible, including with elements not discussed in this paper. Any policy reform considered by lawmakers will have tradeoffs, requiring a balancing of targeting and incentives as they seek to reduce total spending. Though not discussed in this paper, there may be indirect effects on other programs as well. For example, SNAP reforms that encourage work could reduce reliance on other means tested programs while potentially increasing benefits received from others such as the Earned Income Tax Credit. As policymakers consider major SNAP reforms, it is important to characterize the full set of consequences of their choices to help ensure they make informed decisions.

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Appendix

In this appendix I calculate a rough likely upper bound on the potential cost savings from expanding SNAP work requirements to all non-disabled individuals age 18-59. It would require 80 hours of work per month. States could not issue waivers of work requirements but individual exemptions would be allowed.

To begin, I calculate the number of able-bodied adults without dependents (ABAWDs) who are already subject to the 80 hour per month work requirement. In fiscal year 2022, when all SNAP work requirements were waived due to the COVID-19 health emergency, there were 3.6 million adults age 18-49 without disabilities and no children (Monkovic and Weston 2024). In a typical year between 2010 and 2019, Burkhauser et al. (2024) calculated that between 35% and 100% of counties (on a population-weighted basis) waived work requirements. If we assume that under current policy, 50% of ABAWDs will live in waived areas in an average year over the next decade, then 1.8 million ABAWDs (3.6 million times 50%) would have already been subject to a work requirement in an average year under current law.

Next, I calculate the number of non-disabled individuals age 18-59 who would not have already been subject to work requirements under current law. According to the latest report on the characteristics of SNAP recipients for fiscal year 2022, there were 13.0 million non-disabled adults age 18-59 receiving SNAP (Monkovic and Weston 2024). After removing the 1.8 million ABAWDs already subject to work requirements, we are left with 11.2 million who would be newly subject to work requirements.

Some of these 11.2 million individuals newly covered by the expanded work requirement already comply with it. In fiscal year 2022, 73.5% of non-disabled individuals age 18-59 worked less than 20 hours per week and thus would be at risk of failing to comply with an 80 hour per month work requirement (Monkovic and Weston 2024). That suggests 8.2 million individuals (73.5% times 11.2 million) who would not be in compliance with a work requirement.

However, not all of these 8.2 million individuals would lose SNAP benefits due to an expanded work requirement. Some individuals would increase their work enough to comply with the work requirement, and other individuals would be exempted. Gray et al. (2023) estimate that SNAP work requirements on non-disabled adults aged 18-49 without children decreased their SNAP participation by 53%. Applying the same effect to the broader population of non-disabled adults aged 18-59, and assuming that already compliant individuals are unaffected by the work requirement, that would imply that SNAP participation would decline by 72.1% among non-compliant individuals (53% divided by the 73.5% of adults aged 18-59 who are not compliant). Thus, 5.9 million individuals (72.1% times 8.2 million) would lose SNAP benefits due to the expanded work requirement.

The SNAP benefit loss for these 5.9 million individuals would approximately equal the maximum benefit for their household size minus the maximum benefit for a household size with one less member (assuming the failure to meet a work requirement would not affect SNAP eligibility for children and other members not subject to the work requirement).[4] The average SNAP household size is 1.9 people, and the difference between the maximum benefit for a two person household and a one person household is $244 (Monkovic and Weston 2024; author's calculations).[5] If 5.9 million SNAP recipients lost an average monthly SNAP benefit of $244 (or $2,928 per year), the total reduction in annual SNAP spending would be $17.4 billion.

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[4] This is true regardless of whether the household receives the maximum benefit. For an illustrative example, suppose the SNAP benefit were equal to a maximum benefit for a given household size n, MaxBen(n), minus 0.3 times earned income, I. The difference in SNAP benefits for the household from losing one eligible member is equal to [MaxBen(n) – 0.3 * Income] – [MaxBen(n – 1) – 0.3 * Income] = MaxBen(n) – MaxBen(n – 1).

[5] The maximum SNAP benefit increment from reducing household size by one person ranges from $207 to $292 for a household of up to 4 members.