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The Economic Costs of Cutting SNAP:

Every $1 in SNAP Cuts to Families with Children Costs Society $14 to $20

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The Supplemental Nutrition Assistance Program (SNAP) has been at the forefront of recent Congressional efforts to cut federally funded programs. Cuts are being pursued on multiple fronts, from work requirements to the implementation of state matching requirements to benefit freezes and cuts over time. SNAP serves 43 million individuals across 22 million families annually—including almost 1 in 5 children nationwide—and provides critical support to cover the cost of food.

Adequate income and resources during childhood is a key determinant of how children fare when they are young as well as how they fare later in adulthood. A large body of evidence shows that providing cash and near-cash support to families with children not only reduces child poverty and improves child well-being, but delivers widespread benefits to society through improved children's health, education, and eventual employment outcomes as well as savings through reduced health, child protection, and justice-related expenditures.

Taking food assistance away from families produces the opposite effect: it has the potential to increase poverty and decrease well-being while children are young, with substantial economic and societal costs over the longer term. This analysis examines the long-term net economic costs of cutting SNAP incurred to both SNAP recipients and taxpayers in general, using the example of one earlier proposed change to SNAP, which would revoke the 2021 update to the Thrifty Food Plan (TFP) that increased the maximum value of SNAP benefits by 21% and varying increases in SNAP for all recipients, extending our prior analysis of the potential poverty impacts. We apply our peer-reviewed benefit-cost model, developed by Garfinkel and colleagues, including its latest updates, to quantify these economic costs. While our model uses revoking the 2021 TFP adjustment as an example, the results—in terms of the ratio of economic losses to SNAP cuts—are applicable to any cut to SNAP that would result in a reduction of SNAP benefits for families with children.

KEY FINDINGS

- Congress is currently considering a range of proposed SNAP cuts that would ultimately result in children and families losing resources that help them cover the cost of food and produce significant short- and long-term economic costs to society
- Economic losses are driven by the fact that SNAP cuts reduce the long-term health, earnings, and future tax contributions of child SNAP recipients and increase costs for child protective services, the criminal legal system, and healthcare. Cutting SNAP benefits would also lead to worse health for parents and greater healthcare costs.
- Every $1 in SNAP lost to children and families per year would cost society anywhere from $14 to $20 at the national level.
- States that see bigger cuts in SNAP benefits or who have larger shares of their population living on low incomes would see bigger economic losses.

POLICY CONTEXT

Children particularly benefit from SNAP, making up roughly 40% of all SNAP recipients.[1] Among children, SNAP recipiency has been linked, in the short run, to better health outcomes, improved academic performance, and fewer crimes committed.[2] Likewise, in the long run those with childhood access to SNAP grow up to work and earn more and have better health.[3] Cutting benefits would thus adversely affect recipient children immediately and lastingly over time.

Since the start of the current 119th Congress, a range of policy proposals have emerged to cut SNAP in various ways as a potential offset for the cost of extending expiring individual and business tax provisions from the 2017 Tax Cuts and Jobs Act and other policy changes in the budget reconciliation process. In prior analysis, we examined the potential poverty effects of one of those proposed cuts to SNAP: revoking the 2021 TFP adjustment to SNAP benefit levels.[4] We found that such a policy change would reduce benefit levels for all SNAP recipients and could lead to over 2 million additional Americans living in poverty, including over 800,000 children—a 6% increase in overall poverty and a 10% increase in child poverty nationally, with particularly large impacts on poverty in Iowa, West Virginia, Ohio, Washington, and Mississippi.[5] Decreasing benefit levels would also reduce food spending and increase the gap between maximum benefits and a moderately priced meal; it would also hurt local economies, which partially rely on economic activity generated from food sales to SNAP recipients.[6]

In late May 2025, the House passed their version of a reconciliation bill which includes extensive cuts to SNAP: $285.7 billion over ten years, from 2025-2034. Some estimates place this at a close to 30% cut to the program overall.[7] These cuts include a cap on the annual increases in the cost of the TFP, which would result in SNAP benefit cuts from 2027 onward; new work requirements on older adults between the ages of 55 and 64 and on adults with children aged 7 and older; restrictions on the ability of states to waive work requirements in counties with high unemployment rates (over 10 percent); moving away from full federal funding of SNAP benefit costs to a requirement that states pay anywhere from 5 to 25% of the cost, which could result in the possibility that some states would reduce benefits or eligibility or possibly leave the SNAP program altogether, according to the Congressional Budget Office; and more.[8,9]

In prior analyses, analyzing proposed cuts to SNAP during the first Trump Administration, we found that new work requirements, restricting the ability of states to waive work requirements in areas of high unemployment, and large-scale cuts to SNAP overall would increase poverty and disproportionately affect women, individuals who have health issues, those who are caring for children or adults in their families, those who are seeking, but unable to find work, communities of color, and more.[10]

This analysis identifies the economic costs of cutting SNAP benefits to families with children. To do so, we use the earlier proposed revocation of the 2021 TFP adjustment to SNAP benefits as an example in our model to understand the net economic cost to both affected SNAP recipients and to taxpayers in general of cutting benefits for families with children. While this model focuses on the TFP adjustment, the results can be applied to all cuts in SNAP benefits affecting families with children resulting from other policy changes, including those in the May 2025 House-passed reconciliation bill.

Our model is designed to estimate the economic returns of providing cash and near-cash assistance to families with children; here, we emphasize the effect of *revoking* cash and near-cash transfers. Because we focus strictly on recipient families with children, rather than all recipients, our results understate the full impact of this policy change on society.

We find that rolling back the TFP adjustment to SNAP for families with children could, on paper, save $15.1 billion but result in a loss in the present discounted value of long-term economic benefits of between $206 billion to $295 billion. Depending upon whether future benefits and costs are discounted at a rate of 3% or 2%, the ratio of economic losses to SNAP cuts ranges from 14 to 1 to 20 to 1.

In other words, for every $1 cut to SNAP benefits for families with children, it will cost society anywhere from $14 to $20. This ratio of economic losses to SNAP cuts applies to any benefit cut to SNAP that affects families with children.[11, 12]

APPROACH

To estimate the loss of SNAP benefits if the TFP adjustment to SNAP benefits were revoked, we utilize the 2016-2020 Annual Social and Economic Supplement to the Current Population Survey (CPS-ASEC) and the Urban Institute's Transfer Income Model (TRIM3), which accounts for the underreporting of SNAP benefit receipt in the underlying survey data. Details on the data and the methods for estimating the magnitude of the policy change are included in Appendix A.

We then apply our benefit-cost model on the economic returns of providing cash and near-cash assistance to families with children (Garfinkel et al., 2022, 2024), now modeling the opposite effect of revoking cash and near-cash transfers. This work is built upon rigorous experimental and quasi-experimental studies that examine the causal impact of cash and near-cash transfers —mainly SNAP and the Earned Income Tax Credit (EITC)—on children and parents. These studies find that giving cash and near-cash to low-income families has an enduring positive impact on children and parents' health, earnings, crime and related outcomes. We apply results from these studies to calculate the short- and long-run economic benefits of providing cash and near-cash assistance to families with children, finding that the benefits far outweigh the costs of providing these income supports. Detailed summaries of the literature and benefit calculations are presented in Appendix B. We assume that the effect of taking cash and near-cash transfers away is symmetrical to the effect of giving them. That is, we assume the benefits that families accrue from receiving transfers equal the costs that families incur when transfers are reduced; however, it is possible that reductions cause greater changes in well-being because of loss aversion.[13]

We restrict our analysis to the economic costs induced by changes in children and parents' outcomes, leaving out costs incurred by SNAP recipients that do not have a child in their families, because the scientific base of our benefit-cost model has yet been expanded to include studies that examine the childless population. Our model also adjusts the costs by the number of children in the family. Details of the adjustment are presented in Appendix B. For simplicity, we do not model a labor supply response as a result of this policy change, but we have found that labor supply effects have trivial effects on the present discounted value of future benefits and costs.

RESULTS

Table 1 displays the costs incurred by rolling back the TFP adjustment to SNAP for recipient families with children at the national level. The net cost imposed on society is the sum of the direct cost imposed on participants (recipient families with children) and the indirect costs on taxpayers. All costs are discounted to their present values using a social discount rate of 2%. Discounting is the process of estimating future gains or losses in today's terms. Because a dollar today is worth more than a dollar next year (a dollar today can be invested at the current interest rate and will be worth more than a dollar next year), expenditures today are worth more than the same level of expenditures 10, 20, or 30 years from now. Conversely, a benefit or cost of a certain level received in the future has a smaller monetary value in the present. We feature a discount rate of 2%, after the Office of Management and Budget (OMB) justifies this rate in the 2023 revision of the Circular A-4 by arguing that it reflects the 30-year average of the yield on 10-year Treasury marketable securities (OMB, 2023). To reflect the current OMB return to the 3% discount rate, we also use it to obtain a range of estimates, but only report the bottom line result of net economic losses to society as a whole after discussing Table 1.

According to the taxpayer column of the first row, rolling back the TFP adjustment to SNAP (specifically among recipient families with children) could *initially* save taxpayers $15.1 billion. The following rows list the short- and long-term consequences of this rollback. Due to the reduction of SNAP benefits during childhood, children would see worse health and longevity throughout their lives, leading to net societal costs of $174.2 billion. From these worsened health and other developmental outcomes, children would have lower earnings in adulthood ($69.1 billion), pay less in taxes ($14.5 billion) and become more dependent on cash and near-cash transfers as adults ($0.9 billion). For taxpayers, the biggest costs are the increased spending on the criminal legal system and higher victimization costs of crime, because children in these families grow up to commit more crimes and have higher criminal legal involvement; these costs sum up to a total of $51 billion.

The last row of the table shows that after taking into account the negative implications of the rollback, taxpayers end up taking a net loss of $37.2 billion and society ends up paying a net economic cost of $295 billion, which is almost 20 times the initial saving in SNAP benefits paid. In other words, for every dollar of SNAP benefit taken away from families with children, society loses close to $20 As described above, if we use a social discount rate of 3%, the society as a whole loses $206 billion, or $14 for every dollar of fiscal savings.

Table 1. Present discounted value of annual costs incurred by rolling back the TFP adjustment to SNAP for recipient families with children, nationally (in $billion): Using a social discount rate of 2%

	Direct +	Indirect =	Total
	Participants	Taxpayers	Society
Decreased SNAP benefits	$ -15.1	$ 15.1	$ 0
Decreased future earnings of children	$ -69.1	$ 0	$ -69.1
Decreased future tax payments by children	$ 14.5	$ -14.5	$ 0
Increased neonatal mortality	$ -0.8	$ 0	$ -0.8
Decreased children's health and longevity	$ -174.2	$ 0	$-174.2
Decreased parents' health and longevity	$ -7.8	$ 0	$ -7.8
Increased expenditures on other cash or near-cash transfers	$ 0.9	$ -0.9	$ 0
Increased expenditures on child protection	$ 0	$ -1.7	$ -1.7
Increased expenditures on criminal legal system	$ 0	$ -14.8	$ -14.8
Increased victim costs of crime	$ 0	$ -36.2	$ -36.2
Decreased costs of children's education due to decreased education	$ 11.7	$ 2.8	$ 14.5
Increased expenditures on children's health care costs	$ -0.8	$ -6.4	$ -7.2
Increased expenditures on parents' health care costs	$-0.005	$ -0.04	$ -0.05
Decreased payment due to decreased children's longevity	$ -16.0	$ 16.0	$ 0
Decreased payment due to decreased parents' longevity	$ -1.6	$ 1.6	$ 0
Avoided administrative costs [a]	$ 0	$ 1.1	$ 1.1
Excess burden for taxpayers	$ 0	$ 0.8	$ 0.8
Total	$-258.1	$ -37.2	$-295.3

Source: Produced by the Center on Poverty and Social Policy; results are in 2024 dollars.

Note: [a] According to the Center on Budget and Policy Priorities (2024), in the fiscal year of 2023, about 6 percent of SNAP spending went to state administrative cost and less than 1 percent of spending went to federal administrative cost. The rest of the spending became SNAP benefits. We thus assume that administrative cost is approximately 7 percent of the total spending of SNAP.

The economic costs detailed in Table 1 are at the national level. The severity of economic losses across states would vary, depending on the amount of SNAP benefits that are cut and the distribution of families' incomes within each state. States that see bigger cuts in SNAP benefits or have larger proportions of low-income families would see bigger economic losses. Regardless of the degree of losses, however, the ratio of economic losses to benefits cut does not deviate much from the results presented above: each dollar of SNAP benefits taken away from families with children incurs $14 to $20 in net societal costs depending on the discount rate.

CONCLUSION

Our analysis finds that cutting SNAP benefits would result in economic losses that far outweigh the initial fiscal savings; every $1of SNAP benefits cut from families with children imposes $14 to $20 of losses on society. Using the earlier proposed revocation of the 2021 Thrifty Food Plan (TFP) adjustment to SNAP benefit levels as an example of a SNAP benefit cut for our model, we find that such a policy change would save $15.1 billion in fiscal costs while resulting in a loss in the present discounted value of future costs and benefits of between $206 billion to $295 billion. These losses are mainly driven by the decrease in children's lifelong health and earnings and the increase in their crimes committed. At the state level, the magnitude of losses would vary according to the size of the SNAP cut, but the ratio of losses to SNAP benefit cut would remain the same: 14 to 1 under a discount rate of 3% and 20 to 1 under a discount rate of 2%. These results—in terms of the ratio of economic losses to SNAP benefit cuts—are applicable to any SNAP benefit cut affecting families with children.

SUGGESTED CITATION

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RESEARCH NOTE

See related research appendix for more details on methods.

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Endnotes

1. Jones, 2024, Distribution of SNAP participants by age, fiscal year 2022, Washington DC: USDA.

2. Gundersen, 2015, Food assistance programs and child health; Frongillo et al., 2006, Food stamp program participation is associated with better academic learning among school children; Barr and Smith, 2023, Fighting crime in the cradle: the effects of early childhood access to nutritional assistance.

3. Bailey et al., 2024, Is the social safety net a long-term investment? Large-scale evidence from the food stamps program.

4. Memo from House Budget Committee to House Republican Caucus, January 2025, as originally reported by Guggenheim, 2025, GOP budget menu outlines sweeping spending cuts, *Politico* (17 January); Bergh, 2025, Millions of low-Income households would lose food aid under proposed House Republican SNAP cuts.

5. Koutavas et al., 2025, What are the potential poverty effects of revoking the 2021 Thrifty Food Plan adjustment to the Supplemental Nutrition Assistance Program (SNAP)?

6. Urban Institute, 2025, How would SNAP benefit cuts affect your community?; Ku et al., 2025, How potential federal cuts to Medicaid and SNAP could trigger the loss of a million-plus jobs, reduced economic activity, and less state revenue.

7. Center on Budget and Policy Priorities, 2025, By the numbers: House Republican reconciliation bill takes food assistance away from millions of people.

8. Congressional Budget Office, 2025, Letter to Ranking Member, Senate Agriculture, Nutrition, and Forestry Committee, Senator Amy Klobuchar, and Ranking Member, House Agriculture Committee, Representative Angie Craig on "Potential effects on the Supplemental Nutrition Assistance Program of reconciliation recommendations pursuant to H. Con. Res. 14, as ordered reported by the House Committee on Agriculture on May 12, 2025."

9. See Bergh et al., 2025, Expanded work requirements in House Republican bill would take away food assistance from millions: State and Congressional District estimates for a discussion on the impact of additional work requirements; see Bergh and Hall, 2024, Chair Thompson's plan would cut SNAP benefits and ignore scientific evidence in Thrifty Food Plan updates for more on how freezing future increases to the TFP could affect recipients. See Hill, 2025, *House Republicans plan major SNAP food aid overhaul in Trump megabill*, *Politico,* for a discussion of proposals for cost-sharing of SNAP with states.

10. Hartley et al., 2019, Limiting states' ability to waive federal SNAP work requirements: A closer look at the potential implications; Hartley et al., 2018, Recent trends in Food Stamp usage and implications for increased work requirements; Laird et al., 2018, Taking food off the table: Understanding who will be affected by potential SNAP cuts and how.

11. The ratios of 14 to 1 and 20 to 1 are significantly higher than the ratio Garfinkel et al. (2022, 2024) calculated for a near-universal child allowance. In Garfinkel et al. 2022, the benefit-cost model estimates that a child allowance could generate $10 of net economic benefits for every $1 of benefit given to families with children. Garfinkel et al. 2024 updated this model with the latest literature and a social discount rate of 2% rather than 3% as recommended by the Office of Management and Budget at the time (OMB 2023). The current OMB has rescinded that recommendation. The lower social discount rate (2%) drives up the benefit cost ratio for a near-universal child allowance to 14 to 1 and the incorporation of the new literature further drives up the benefit-cost ratio to 16 to 1. These estimates show the substantial benefit associated with child allowances, but the benefits from SNAP are even greater: using the 2% discount rate, the model produces an even higher benefit-cost ratio for the SNAP program of 20 to 1. More than 60% of the increase in the ratio can be attributed to the higher targeting of low-income families among SNAP recipients as compared to child allowance recipients. Low-income families benefit more from cash and near-cash transfers than higher-income families. The rest of the increase can be attributed to the family composition of recipient families (ex: number of children per family). There are more child recipients relative to parent recipients under SNAP than child allowance and the economic return of investing in children is higher than that of investing in adults. Despite the relatively large range in the estimates of the present discounted value of future economic losses, even the lower estimate is huge compared to the fiscal savings generated by cutting SNAP benefits.

12. Our results understate the impact of rolling back the TFP adjustment to SNAP benefits, as we focus specifically on the effects among families with children, though all SNAP recipients would be affected by this policy change (including families without children, which are excluded from the analysis because our benefit-cost work has yet to study this population).

13. Firpo et al., 2023, Loss aversion and the welfare ranking of policy interventions.

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