

# Federal Budget Reconciliation Proposals

## Supplemental Nutrition Assistance Program Impacts

June 2, 2025



### Background

On May 22, 2025, the United States House of Representatives passed H.R.1, a budget reconciliation package that proposes sweeping changes to a number of federally funded programs. Among its most significant provisions are proposed changes to Medicaid and the Supplemental Nutrition Assistance Program (SNAP), or Food Assistance Program (FAP), as it is known in Michigan. H.R. 1 shifts substantial costs to states, reduces benefits for vulnerable populations, and limits states' flexibility in program administration.

In consultation with the Michigan Department of Health and Human Services, the State Budget Office has reviewed and analyzed the potential impacts of these changes for Michigan. This document outlines the impact of these proposed changes to SNAP, potential state costs, and the potential consequences for Michigan residents, families, and communities. The magnitude of the proposed cost shifts would place a significant burden on Michigan's budget, and it is unlikely that the state could backfill these federal cuts without severely impacting other programs including education, public safety, and Medicaid.

### SNAP Program Beneficiaries

As of 2024, 1,474,400 Michigan residents—roughly 15% of the state's population—receive SNAP benefits. Of those receiving benefits, more than 59% of recipients are families with children, more than 46% are working families, and more than 39% have family members who are elderly or have a disability. Currently, over half a million children receive SNAP benefits in Michigan. SNAP recipients are allowed to redeem their benefits at approximately 10,000 retailers within the state, supporting grocery stores, farmers markets, and local retailers in every county. In FY 2024, over \$3 billion in SNAP benefits were spent at Michigan retailers, directly contributing to local economies and supporting food access in both urban and rural communities.

### Cost Impacts to the State of Michigan

As the program is currently designed, the federal government covers 100% of program benefits, which in FY 2024 totaled over \$3.2 billion in Michigan. **The US House-passed bill proposes a new state share of benefit cost, for which current estimates anticipate an annual impact of up to \$800 million in Michigan.** In addition, states and the federal government each currently pay 50% of administrative costs. House-passed changes would increase state share of program administration to 75%, at an estimated cost to Michigan of \$90 million per year.

### Other Provisions

Other proposed changes include adjustments to benefit allotment plans that recognize increases in food costs over time. Current allotment plans seek to anticipate reasonable cost of groceries needed to provide a healthy, budget-conscious diet for a family and are used to determine SNAP benefits amount. The proposal limits USDA's ability to amend SNAP benefits in the future to respond to changes in diet and food supply, potentially limiting the benefit amount awarded per case. The proposal would also restrict how participation in other assistance programs—such as the Low-Income Home Energy Assistance Program—can be used to determine SNAP eligibility and benefit levels, which would reduce benefits for a large number of households.

Additional changes are proposed for work requirements. Currently, adults ages 18 - 54 without children in their household can receive food benefits for just three months in a three-year period unless they show compliance with a 20-hour-per-week work requirement or prove they qualify for an exemption, such as having a disability. H.R.1 would raise the age for mandatory work requirements from 54 to 64 and limit states' ability to waive these requirements in areas or times of high unemployment or economic distress. This policy change will disproportionately impact low-income seniors, many of whom will struggle to meet new work requirements or would lose access to food assistance.