

Aviva Aron-Dine: Good afternoon, everyone. I'm Aviva Aron-Dine, director of The Hamilton Project at the Brookings Institution. Thank you so much for taking the time to join us today, for this very timely conversation about the Supplemental Nutrition Assistance Program, or SNAP.

The Hamilton Project is a nonpartisan organization that puts forward analysis and policy proposals to support broad-based economic growth. At the core of our work is a commitment to a strong social safety net, of which SNAP is, of course, a critical part.

A few months ago, Congress enacted large cuts and radical changes to the structure of SNAP, and now, more than 40 million people are at risk of not receiving SNAP benefits for the month of November.

In a few minutes, Brookings Fellow and The Hamilton Project's Associate Director Lauren Bauer will moderate a roundtable discussion to examine the economic, legal, philanthropic, and other policy considerations surrounding these risks to the SNAP program.

The panel will feature Stacy Dean, former Deputy Under Secretary for Food, Nutrition and Consumer Services at the U.S. Department of Agriculture, Danielle Perry, the Vice President of Policy and Advocacy at the Greater Chicago Food Depository, Diane Whitmore Schanzenbach, the McCourt Chair in the McCourt School of Public Policy at Georgetown, also a nonresident senior fellow at the Brookings Institution, and David Super, the Carmack Waterhouse Professor of Law and Economics at Georgetown Law.

Viewers can follow along with us at @Hamilton Proj and join the conversation. To ask questions, please send an email to info@hamiltonproject.org, or you can use the hashtag SNAP.

But first, I'm very grateful that we will also be able to welcome Senator Amy Klobuchar to our conversation. Senator Klobuchar has served the state of Minnesota in the U.S. Senate since 2007, and currently serves as the ranking member of the Senate's Committee on Agriculture, Nutrition, and Forestry.

Senator Klobuchar has been a leading voice throughout the debate on the reconciliation bill, and now, as SNAP faces new threats, we're very grateful that she's able to join us today. Now, I believe because of her schedule, we may not have the senator with us quite yet, so I'll turn it over to Lauren, to kick us off.

Lauren Bauer: Thank you, Aviva. So, I want to just set the scene and establish some facts. In May, USDA delivered about \$7.9 billion in SNAP benefits.

This week, Secretary Rollins said that it will cost \$9.2 billion to cover SNAP costs for nearly 42 million people and the program's administration for the month of November.

The administration has taken the position posted to the Department of Agriculture's website that, "Bottom line, the well has run dry. At this time, there will be no benefits issued November 1st."

This morning, the District Court of Massachusetts heard arguments after more than two dozen states and D.C. sued USDA and asserted that USDA has sufficient funds and sufficient authority and is obligated to send out SNAP benefits on time.

This episode comes on the heels of major changes to the SNAP program in H.R. 1, the One Big Beautiful Bill Act, including one so substantial that the Congressional Budget Office has concluded that some states may drop out of the program upon implementation.

And it comes on the heels of USDA and CDC pulling down both research studies that measure the extent of food insecurity in the U.S.

As Aviva said, we are here to talk about all of this, the legal, policy, and economic considerations.

But let's center the tens of millions of people in the U.S. who will be affected starting this weekend, mostly children, the elderly, and people with disabilities.

At a time of significant uncertainty about the direction of the economy, starting on November 1st, benefits will begin to be withheld, and many more people will become subject to time limit work requirements in SNAP. These include so-called able-bodied adults without dependents between the ages of 18 and 64, non-disabled parents with dependents whose youngest children are teenagers, as well as veterans, those experiencing homelessness, and youth who recently aged out of foster care. On November 2nd, all currently-approved state waivers from work requirements for local areas with weak labor markets will be terminated.

And I could not ask for a more expert panel to join me. Here are Danielle Perry, the Vice President of Policy and Advocacy at the Greater Chicago Food Depository, Diane Whitmore Schanzenbach, McCourt Chair at the McCourt School at Georgetown, Stacy Dean, former USDA Deputy Under Secretary for Food, Nutrition, and Consumer Services, and David Super, Carmack Waterhouse Professor of Law at Georgetown.

Stacy, I'm gonna start with you. You served in a very senior role at the Department of Agriculture. In that job, and in the decades that you've been working on SNAP, you've faced shutdown threats, and shutdowns, and had to make plans. As a former policymaker at USDA, can you speak to your understanding of what obligations the executive branch has here?

Stacy Dean: Sure, Lauren, thank you so much, and thanks to Hamilton for having me and hosting this panel. So, I'll speak in brief, because I'm sure Professor Super will expand on the legal rationale here.

So, just to, level set, for about three and a half years, from January 2021 to June 2024, I served as the Deputy Undersecretary for USDA's Food, Nutrition, and Consumer Services,

and that's the mission area within USDA that oversees the federal nutrition programs, including SNAP.

And during that time, while we didn't have a shutdown—We did not experience a shutdown, we had to plan for a shutdown several times because we were at risk of Congress not passing an appropriation, much like the situation we're in now.

And like the current administration, Secretary Vilsack's USDA prepared and published shutdown plans, and our shutdown plans included language just like the ones that were in the Trump administration's plan that, until recently, were posted on their website.

And what they said was that there were contingency funds available to be deployed in the case of a shutdown, and if the need so arose.

And so if you had asked me in early October what would happen with SNAP in November, I would have said that, based on my experience, I expect the administration will release contingency funds to pay, since they would be insufficient to cover a full month, a pro rata share of November benefits to provide states with—and to provide states with some administrative funds.

This would have been the minimum action, and I'll explain that in—well, let me just expand on that. I think that deploying the contingency reserves is a minimum because in addition to those contingency funds, that \$5 to \$6 billion that are available to be used to help families pay for groceries through SNAP, the administration could also use its legal authority to transfer funds across accounts, the same authority it had already used to provide additional funds for WIC to supplement those contingency reserves to provide enough funds for families' full benefits in November.

So, I'll stop there because I think it would be great to hear Professor Super expand on the particulars here, but just based on my experience, both in that position, but also 25 years in Washington as a policy and budget analyst, this has just been the longstanding understanding, and that's because it's what's been in USDA shutdown plans and multiple guidances issued by multiple administrations, including the prior Trump administration, about what we are to do in this particular situation. And I really do hope that these funds are deployed, and I know we'll hear more about this because of the millions of families who will struggle to be able to afford to buy groceries for their family, including children, seniors, and so many other struggling families across the whole country. So I'll stop there.

Lauren Bauer: Stacy, and I'll just affirm that that was also my common understanding, but I am not a lawyer. However, we do have one of the best with us today. And so, David, I would love for you, to just hand the floor to you to make a presentation on the reality of the SNAP freeze.

Could you unmute yourself, please?

Oh, wait, we might—Hold on. We might have the senator, so just—David, hold tight for a second here. If the senator and the senator's office wants to take the floor, you are quite welcome to.

Senator Klobuchar Staff: The senator will be here in just a couple of minutes. Sorry, just wanted to get the screen up and ready, but thank you all so much.

Lauren Bauer: Appreciate that. Okay, so then, David, why don't we get going with you, and then we'll, we'll interrupt when we need.

David Super: I will shut up the moment the senator shows up.

So, thank you very much, for the kind words and for having me here. I brought a few slides just because they can make it a little more visible, so I'm gonna share if that's all right, and again, I will vanish as soon as the senator is available.

Basically, to understand this, you need to understand just a tiny bit of budget jargon. We hear about entitlements. There are actually two kinds.

There's one kind where there's an appropriation in the statute. Social Security is a good example of that, or the Earned Income Tax Credit. And then there's another kind, which is where the statute says this is an entitlement, doesn't have appropriations in it, so it goes through the annual appropriations process.

And some examples of that are Medicaid, Medicare, Supplemental Security Income, SNAP, Child Nutrition. So, it's very common to have to go through appropriations in order to fund programs, even though they are entitlements. No one would call any of those rickety programs.

The core is the entitlement here. This is what is embossed in gold lettering. The statute, Section 5(a) of the Food and Nutrition Act, says assistance under this program shall be furnished to all eligible individuals who make application for participation. There are no qualifiers, there are no ifs, there's no if you feel like it, if you think it's good public policy. This is what Congress decided, and anything the administration says, there should be the question, how do you get around Section 5(a)? How do you justify not complying with this?

As it happens, as Stacy mentioned, there's a contingency fund they provided here, it's from the 2024 appropriation. \$3 billion was provided, and it says here, at such times as may become necessary to carry out program operations. Well, if they're getting ready to shut down, I guess it's necessary.

I won't go through the technical stuff, but there is another \$3 billion, that is buried in the legalese here in the continuing resolution for 2025. So that's a total of \$6 billion that has been made available.

So \$3 billion from '24, \$3 billion from '25, \$6 billion. They've paid for state administration of SNAP in October. That probably cost \$425 million, give or take, so that means they've got

about \$5.6 billion remaining in the contingency fund, give or take a little bit here and there, a few million.

What are the costs of SNAP? About \$8 billion in monthly benefits, maybe a shade more, but not much. State administration, again, around \$425 million a month, and the block grant of nutrition for Puerto Rico, and I will now stop.

Lauren Bauer: Welcome! We are pleased to have Senator Amy Klobuchar of Minnesota, the ranking member of the Senate Agriculture Committee. Senator, the floor is yours.

Senator Amy Klobuchar: Well, thank you so much. It is great to be part of such an impressive group. Thanks for getting me, and I was very impressed, was that David, by that quick ending. And thanks for allowing me to do this, because we have just a few things going on that we'd like to fix over on the Hill right now.

So, my day started, by the way, with finding out the Treasury Secretary appeared to have tweeted against me in the middle of the night on his trip to Asia, when I have had no fights with him, ever, and so I had a lot of fun responding that maybe you want to look at, but, mostly about the tariffs.

But what we're here to talk about today is something very, very important, and that is about what's happening, with our food and nutrition programs. And you have such a great group gathering, there, with David, and I know Diane, who appeared before the Senate about SNAP earlier this year, and Danielle Perry from Greater Chicago Food Depository, Stacy, running—who ran the USDA's Food and Nutrition Service, I wish she still was.

And so thanks to the Brookings Institution for bringing us together, to highlight, the critical role SNAP plays in our economy, and for American families, and the urgent need to keep it funded during this shutdown.

So, when I first got to Congress, the first committee I asked to be on was the Ag Committee, and it's an honor to now serve as the lead Democrat on the committee.

A lot of that work has been about SNAP. I almost wish I could say it wasn't, because we were doing a Farm Bill, and there'd be some negotiations, like there usually are, about some reforms or changes to the program. But not this time, because of what happened this summer, which I'll talk about later, with the Big Beautiful Bill.

So, the SNAP program, so let's start, and I know you've been talking about the details, vital for 42 million Americans, including 16 million kids, and 8 million seniors, and 4 million people with disabilities. And I think it's important to just keep those stats in mind, because sometimes people talk about this program in a way that doesn't really get at who's really using the program, and anyone that's gone to a food bank, and seen who is there in line—I visited about 20 of them now through my state and in other states—and I can tell you that people need this food. So, it's really important for those who work multiple part-time jobs,

irregular hours, work part-time because they're caring for a loved one, and for many of them, SNAP isn't just about groceries, it's actually their economic stability.

So, the defense of these federal nutrition programs has literally defined my time on the Ag Committee. I actually, while there was major cuts made, \$186 billion—billion—in cuts was made to nutrition programs in the budget bill, a lot of it through a shift to the states, which I'll get to later. It was even worse with the bill that came over from the House, much worse. And so we were able to ratchet that down some in the Senate, but it's a major problem beyond the shutdown that's happening right now.

I also note that the USDA decided to make the decision to cancel the 30-year-old USDA hunger study that's been going on for 30 years. And, spoiler alert, hunger doesn't go away just because you cancel the report that shows that there's hunger.

So let's talk about the shutdown. I think you all know why this shutdown happened. We have been eager to negotiate from the very beginning, to do something when it comes to health care. You know what's happening with the double of the premiums, and in any other time, in the last shutdowns or budget negotiations, it's always been some kind of compromise. In this case, it was our way but the highway, as it has been all year, and we have stood up and asked them to come to the table. Sadly, the House has been gone for 6 weeks, longest vacation through the fall, ever, and also, maybe because they don't want to vote on the Epstein files, but that's where we are.

So, as this has heated up, this negotiation, I guess, as I told our caucus, I'm not surprised by this, but on Friday, they decided to switch from what they had said, which was that they could take care of, they could take care of funding these programs, but instead, they said they wouldn't do it anymore, and they notified states that they would suspend November's SNAP benefits because of the shutdown, even though there's \$6 billion—that's billion with a B—dollars in a contingency fund that has been being used and can be used.

So that's what's happening now. The USDA even said so, that they have this funding to use in its 2025 shutdown plan, which was removed from the website last week. But my diligent staff actually had taken a screenshot of it, which is kind of fun. Here, let's show our screenshot.

Now, I'm not gonna make you guys see this whole thing. We're not gonna go through every word. But as noted by the 19 states that have sued right now, and that case is coming up immediately, the plan said congressional intent is evident that SNAP's operations should continue during a shutdown, and multi-year contingency funds are also available to fund participant benefits in the event that a lapse occurs. That isn't something that was on there, like a hangover from the Biden administration. That was actually put up there now, like, this year, like, for the September 30th plan.

So, in addition to that, the USDA has transfer authority that it could use to move funding from child nutrition accounts to SNAP accounts, something it has already done for the WIC program. So this was a political stunt, it was done this week because the premium increases

are going to show up on Saturday, November 1st, and that's when all these Americans are going to realize their premiums are getting doubled, because we haven't done anything when it comes to the tax credits.

So, several lines of offense on this front. The first, I mentioned the lawsuit, probably the most immediate solution.

The second would be the administration decides itself to do what they've been doing the last few weeks, and that's use funds like this, to pay for this. I think they'd have about 3 weeks, three-fourths of a month, something like that, that they'd be able to do it while the President hopefully returns from his trip, and while the House hopefully decides that 6 weeks of vacation is enough. And then we would be able to negotiate this.

The other way we can do this is by the Senate passing something while the shutdown is going on. I think it's a moment of moral clarity. It's why you've seen, the bill that Ben Ray, he has the subcommittee, Ben Ray Lujan and I introduced together to keep the funding for SNAP and WIC during the shutdown. And then, as you've probably seen, Senator Josh Hawley introduced his own similar bill. All the Democrats are either on it or will support it, so that bill, I think there's 10 or 11 Republicans on it, 15?

That bill would pass. So this is a really interesting fact. So that bill would pass, because all the Democrats would vote for it, and there's all these Republicans on it, and so then, so why aren't we calling that bill up? Getting back to the beginning, then the House would have to come back to vote for it. And I don't think anyone—they don't want that to happen.

So, between the courts, between the administration deciding for at least a few weeks to fund this, or these bills finally passing, that would be our path out of this. And of course, the ultimate path out of it is to negotiate on the shutdown.

So, just to be clear, because there's a lot of stuff out there on this, USDA has the funding and the authority to end this crisis right now.

And we never want this precedent that they're gonna start, stop food assistance during, like, a two-week, or a six-week, or a one-week, or however long these shutdowns have happened. Food assistance has always been provided.

So let's talk about SNAP after the government shutdown, and where we are because of the Big Beautiful Bill. So, as I mentioned, \$186 billion cut, and roughly one-third of that cut comes from shifting a larger portion of food and administrative costs to the state.

The purported reason for doing that cost shift was to incentivize states to lower error rates, which are calculated based on both overpayments, like they give someone too much, or they give someone too less.

And most states do it themselves, but some states, like mine, counties do the SNAP benefits, so it becomes even more complicated, but it works, they're right on the front line.

But listen to what they did. So they included a feature in which states that get their error rates below 6 percent get a portion of their federal funding back as a reward, which is really, like, a lot, the whole shift, basically.

And so what happened when we were negotiating, Senator Murkowski had one of the highest error rates, like 23, was it 24 percent, so she was never going to get down to 6 in her state. So they tried various ways to get her vote, which included doing Alaska and Hawaii, I guess because they're both far away, and the parliamentarian said, no, that didn't count.

Then they tried D.C., because I always care about D.C.—okay, I'll stop being snarky—D.C. and putting D.C. along with Alaska, and the parliamentarian said no. They did that because D.C. had the second highest error rate. So finally, they came up with a formula at 3 in the morning that basically took the states with the highest error rates and carved it out, so double this, double that, if you get over this number, then you don't have to pay for 2 years, basically. We will know what those 10 states, or 12 states, or how many it is by the end of the year.

But right now, it might be these 10 states are like New York, New Jersey, Maryland, and, of course, Alaska. And it literally means that a state like Texas, because they have a low error rate, will have to pay, like, a billion dollars a year, and a state like Florida with a high error rate will pay none of that cost shift, they get off a billion a year. A state like New York, with a high error rate, pays \$1.2 billion, they get off \$1.2 billion a year, and a state like California, with a lower error rate than New York, but not under 6 percent, gets stuck with a bill of \$1.5 billion a year.

So, what I'm saying to you, this is untenable. Not one state in the Midwest was helped—because we're states where the women are strong, the men are good-looking, and all our error rates are above average. So, not one state in the Midwest was helped by this. It's politically untenable, it's the stupidest thing I've ever heard. So it is one thing that we could fix for everybody if we end up doing some kind of an agreement, either now or as part of a budget at the end of the year or as part of a skinny Farm Bill or something like that.

So, I know it's a long story, but it's an unbelievable story, and it's also a way out to try to stop these drastic cuts, to at least delay the state shifts of \$186 billion for a few years.

So, that's where we are, and I appreciate you having me on. I hope I gave you all the dirty backroom facts of what goes on around here. But I continue, I have Hubert Humphrey's desk, I continue to be the happy warrior, I continue to believe we will find a way to move forward. Thank you for caring about this issue.

Lauren Bauer: Thank you, Senator, so much for your time, your leadership and your mastery of the issues. All of the things you flagged today are things that we are studying, working about, and also trying to address. So thank you so much for your time, and we will see you later.

Senator Klobuchar: Okay, going down to caucus, see where we are. Okay, bye.

Lauren Bauer: Ok, thank you.

All right, well, that was, really interesting, and definitely, I think, you know, for anyone who wants to—We're going to talk more about the cost shift, but I will direct you to The Hamilton Project's website, hamiltonproject.org, where we have done extensive research on, the potential consequences for H.R.1, and Diane will talk about that in a little bit.

David, I would love to go back to you. I know we're in the midst of learning of the law.

David Super: Yes, well, you said we were going to hear from a good lawyer, and we just did, but I will try to follow up as best I can, on that.

So, basically, I was just saying that, in order to fully fund November, we would need about \$8.7, \$8.8, \$8.9 billion. We have about two-thirds of that available in the contingency funds. So if USDA just sits there and doesn't do anything but what Congress explicitly told it to in these appropriations bills, it would release two-thirds of the money we need in November, and people would get two-thirds of benefits. Would that hurt people badly? Yes, it would, but it would be way better than giving them nothing.

However, USDA doesn't have to just sit there, because under section 2257, they have the ability to transfer money within programs under one agency. The Food and Nutrition Service that runs all the domestic, food programs that Stacy used to run, is such an agency, and it has Child Nutrition, it has WIC, and it has SNAP, and a few other things.

And there turns out to be plenty of money in the child nutrition accounts, roughly \$30 billion. Remember, we need only \$8.7 billion for November SNAP, and two-thirds of that's already there in the contingency fund. So they've got \$23 billion of customs duties that are provided through something called Section 32, and they've got about \$7.3 billion in annual appropriations still in that account that have not expired, so they're sitting on a very substantial amount of money. And if you take that \$30 billion, you subtract the \$300 million that the administration transferred to keep WIC going in the month of October, assume about \$3 billion a year is spent on child nutrition—assume about \$3 billion a month is spent on child nutrition, so \$3 billion for October child nutrition. Give WIC another \$600 million to keep them going in November, run child nutrition in November for another \$3 billion, and you end up having \$23 billion left.

And it would only take about \$3 billion of that \$23 billion to top off the contingency fund in SNAP and allow for full benefits, full legal scheduled benefits, in November. Would that endanger school meals or WIC? Not in a—not on your life, it would still leave a \$20 billion balance, which is enough to fund child nutrition programs for more than 6 months.

The administration says, oh, the contingency funds are not available to support regular benefits. But that's just a statement. They don't cite anything. There's nothing in the law. I know I flipped through the slides quickly, but there's nothing in the law that says that.

That's something they made up, and that, again, is something that they didn't say as recently as September 30th in their contingency plan. And they say, well, we want to use this money for hurricanes, tornadoes, and floods, which are disasters and which can cause people to not have food, but cutting off SNAP on Saturday is also a disaster, and will also cause people to be without food.

And the prioritizing of hypothetical disaster victims who may or may not have needs during this government shutdown over very real people who, as the senator said, are piecing together a part-time job here and a part-time job there is really hard to understand.

But legally, there's no basis for this, because I've got the appropriation here again, and it just says, carry out the Food and Nutrition Act. Well, disaster SNAP is under Section 5(h) of the Food and Nutrition Act. State administrative costs, which they say they've been using contingency funds to pay, that's under Section 16(a) of the Food and Nutrition Act, but regular SNAP benefits are under 5(a). So if they can use it to pay costs under two other sections of the Food and Nutrition Act, they certainly can use it to pay regular benefits under Section 5(a) of the Act.

USDA has long said this, during—this is during 19, excuse me, 2013, 2015—they said contingency funds are available to pay benefits. Oh, you say, well, that was the Obama administration, we don't like the Obama administration. Fine, here's the Trump administration, the first Trump administration, and they said the same thing, that contingency reserve is available to fund SNAP benefits. They said it three times there, and again, as the senator pointed out, and I'm not going to linger on this since she read it to you, clear congressional intent is that this money is available to pay benefits.

I think the purpose is pretty straightforward, is that they're cutting off benefits to put pressure on Senate Democrats, and they put this offensive and dishonest statement on their website, trying to blame anyone but themselves for this entirely voluntary termination of SNAP benefits. Thank you very much.

Lauren Bauer: Thank you, David, for being so generous with your expertise, here and to everyone who has called you over the course of the last several weeks. You are doing yeoman's work for the truth.

Danielle, I'd love to come to you next to just have you share, how is the Greater Chicago Food Depository working to handle this unexpected increased need?

Danielle Perry: Well, first, thanks for having me, and also, we were kind of preparing. Once the Big Beautiful Bill happened, we knew that a number of people—in Illinois alone, almost 500,000 people—would likely lose their benefits by March 1st because of the changes to work requirements. So we were starting to prepare.

We also have seen the number of people who have been coming to our pantries already. We are right now at an average of 175,000 households a month. That's near the number we had during the height of COVID. So, we are now walking into a new crisis at the height of need.

So, we are—we have now created a two-tier model of how we're going to respond. We have taken everything we had in our inventory and given it out to the pantries so that they are prepared for Saturday. And for, honestly, this week alone, we've seen an uptick, sometimes twice as many, three times as many people coming to the pantries just this week.

We are also purchasing and procuring more food, so that we are prepared for next week.

And we have taken data around the areas in our—the Cook County and Chicago areas specifically—that have high numbers of SNAP recipients, and we've created, basically, a hub model. We are going to create regions amongst those zip codes, where we'll be doing an additional distribution on Saturdays of shelf-stable boxes, about 25-pound boxes with shelf-stable foods that they can turn into meals for their families. And we're in partnership with the city and the county to make sure people know that they can find their local pantry or these additional distributions, for their families.

Lauren Bauer: Thank you for sharing that, Danielle. We're gonna definitely come back to you for more questions. Diane, withholding benefits is not the only change coming to SNAP this weekend. I've sort of said a little bit about it, the senator certainly did as well. H.R.1, the One Big Beautiful Bill Act, makes substantial structural changes to the SNAP program, some of which, but not all of which, go into effect this week. What are they, and who do they impact?

Diane Schanzenbach: Thank you. The next big shift in SNAP—we weren't expecting this particular fire that we're facing now—but in about 90 days, people will be hitting, for the first time, time limits for work requirements. So, unless you're working 20 hours per week, you can only receive SNAP for three months out of a three-year period. Because of just the heterogeneity in our economy, there have been many places where the economy hasn't been strong enough to suspend those work requirements—or to reinstate those work requirements. But under the One Big Beautiful Bill Act, all of the waivers will be suspended. That means everyone in the nation will be subject to work requirements if they're in the category that is subject to a work requirement.

Now, historically, that category has been people ages 18 to 49, or then 54, without children in the home, but the One Big Beautiful Bill Act expanded that to additional people, including 55 to 64-year-olds, all the way to 64-year-olds are going to be subject to this work requirement. Parents of children who are not younger than age 14, so parents of teenagers. And then it also removed the suspension for veterans, for homeless individuals, and for former foster care youth. So all of those folks also will be ineligible to continue to receive SNAP unless they're working at least 20 hours a week.

Now, something that also has changed going forward is that previously you could obtain waivers if your local economy lacked good labor market opportunities. And like I said before,

you know, even though we've got one national unemployment rate, that masks a lot of differences across areas. There are some areas that maybe have been hit by a plant closure or some other natural disaster, and their unemployment rates are higher.

In the past, we've been able to waive smaller areas like that, but the One Big Beautiful Bill Act changed the rules for that, and so now, in order to be able to waive work requirements in the future, the unemployment rate has to hit 10 percent or higher. Now, that's the average unemployment rate in the area, of course, we know that people who are on SNAP are more likely to have low levels of education, they're more likely to be African American or Hispanic, and generally, those populations have higher unemployment rates.

Just in general, conditioning SNAP on work when the economy is contracting, and people can't find jobs just really punishes people for not being able to find work when there's no work to be had.

Now, the second, and I won't go into great detail, I think we'll have plenty of time to go into detail on this in the future, but it's this new mandate that states pay a sliding portion of SNAP benefits that is benchmarked to their administrative payment error rate.

There are sort of two big mistakes in this. The first is, I argue, and you and I argue in a Hamilton Project piece, that this is a mistake because it harms the automatic stabilizer aspect of SNAP. It harms the program's countercyclicality.

Again, I just remind you that not all downturns are national recessions. Sometimes they can happen in response to wildfires or other things like that.

States don't have the individual resources to be able to go out, raise additional funds, borrow against future funds like the federal government has. They won't be able to stimulate the economy in the same way, and so what that means is maybe longer downturns, more severe downturns, etc.

And then, today is definitely not the day to dig into the details of how the error rate is calculated, although I would be happy to do so, at a future time, but what I can say is, this payment error rate is an administrative tool, that is used for internal, sort of quality control within SNAP, and it is not designed to bear the weight that it's going to be put on it if we're tying such large stakes to it. And so, to be sure, look for more on that for those of you who are going to be interested in the weeds of how this rate is calculated and why it's not a good measure.

Lauren Bauer: And do we know the state of the economy right now?

Diane Schanzenbach: Well, we do not, because, you know, we're really kind of flying somewhat blind. We read about that with regard to the Fed's meeting yesterday. We don't have the current labor market statistics, just a lot of things that the government usually provides that allows us to measure this complicated and dynamic economy that we have are not available to us right now.

So I would say we're in a risky time period, and cutting back on this important social safety net benefit that stimulates and supports the local economy is not, in my professional opinion, a wise move right now.

Lauren Bauer: The timing is, poor and worrisome, for sure. So we've gotten a lot of audience questions that have actually been in kind of consistent buckets, so I'm going to take them in sort of three groups.

So one is a little more detail on, like, what is going to happen on November 1st. How many people are not going to receive benefits? Do benefits that people may still have—even though we know 97 percent of benefits are spent in the month of issuance—do they expire? Can we just do a little quick rapid on, like, what is going to happen this weekend if this is not resolved. Stacy, would you want to take these, maybe?

Stacy Dean: Yeah, I'll jump in. I think one thing that's important for folks to understand, particularly participants, not all benefits are paid on November 1st. I think there are actually only five states that pay all their whole month's issuance on the first of the month. Most stagger them over the course of the month. And I think that actually there are only 33 states that pay some or all benefits on the 1st.

So, this will be quite acute for those individuals, for sure, who are paid on the 1st, 2nd, and 3rd. They won't see those November benefits loaded on. If you're normally paid on the 10th, or the 17th, or the 23rd, which is certainly a smaller share of the caseload, this doesn't signal that there is an impact for you. There is still time for the Congress to resolve the shutdown, for benefits to be loaded. So that's just one thing I think that's very important, is the tapering, although it is quite rapid and impactful. I don't know if others want to jump in on that particular issue.

I guess the other thing I'll say is that I'm worried that participants are going to find out when they go to the grocery store on the 1st or the 2nd, and that that is going to make for a very difficult interaction between the shopper and the cashier, who has to tell them there aren't benefits on your account, right? Not everyone is getting all of the information, and there could lead to a lot of confusion.

And I'm sure Danielle could speak to this much better. You know, households don't always have perfect information about what's happening and how to remedy their situation.

Danielle Perry: It's so true. We're doing so much community organizing, grassroots information sharing, even working with the Illinois Retail Merchants Association to get information out in the stores and try to keep that information up to date.

But we're doing everything we can so that people don't get to the store and learn this for the first time. And we're doing the same thing when it comes to the Big Beautiful Bill and March 1st. We're trying to let people know, update the state on your information around income so you don't, you know, ticked towards that 3 months, and then on March 1st, you look up, and

you have no benefits. And we're doing, we're trying to do both at the same time, because this is happening to people at the same time. So you're right, a community organizing effort and all of us coming together is what's necessary in this moment.

Stacy Dean: Yeah, I'm sorry, I'll just add one more quick thing. A lot of rent is also due on the 1st, right? So, to the extent that households have some cash, it really needs to be going to paying rent and other bills that come due on the 1st, and the concept that they have available extra cash to cover food, I think it's a particular pain point early in the month.

So there's just a lot happening that creates, really, unnecessary crisis for millions and millions of families. And, you know, I think organizations like Danielle will bear the brunt of both the need, the food needs, but also the crisis and the experience that households are going through will, it'll be turned on a lot of helpers in our community, like food banks, food pantries, stores and their cashiers.

Lauren Bauer: Let's stay there for a second, because I've seen certainly a lot on social media, and I've certainly gotten solicitations of, you know, need for mutual aid, need to make charitable contributions, knowing, that the charitable food sector is going to be on the front lines here. But to my mind, you can't make up a \$7.9 to \$8 point whatever to a \$9.2 billion hole. Danielle, can you speak to how you see the sector being able to respond here, and what are the limits?

Danielle Perry: That is right, and I appreciate you, Lauren, for saying that. For every meal the emergency food system can provide, SNAP provides nine.

There is absolutely no way that charity can fill the gap of SNAP, and honestly, as much as we need your help, and we want the donations and the volunteerism, it's important for us to lift that up so people know the power of SNAP, the economic power, that it helps families in a way that we just, as charity, can't do.

But that doesn't mean we're not going to try. That's who we are. We have shown up in crisis time and time again, from COVID to the new arrivals to past shutdowns, honestly. And so we will do that again. We appreciate the donations that are pouring in, the people who are showing up to help us pack those additional boxes, people who are volunteering even at their local pantry, because can you imagine what this is going to require the pantries to have to be able to do, most of which are small faith institutions, who use the volunteerism of many of our seniors. So, to see our community stand up in this moment, volunteer and donate, we need to do that, but we also need to appreciate that it's just not going to be enough. People will go hungry.

Lauren Bauer: Thank you, Danielle, for that honesty. Appreciate very much your comments. I'm gonna take it up again, because we got many, many questions about what states can and cannot do here, and I'm sure we have several people on the panel who can speak to this. You know, what is the USDA advising states with regard to what they can do, what are states trying to do? And again, with this question of scale, states do not have \$7.9 to \$8 point

something to \$9.2 billion in money lying around to make up for a federal commitment. Anyone want to take a stab at what states can and can't do?

David Super: I will. States are being put in a terrible bind here. Danielle's quite right that private charity doesn't have anything like the resources to make this up, but really, states don't either. States' budgets are tight. The economy is, at least in a number of places, getting a little more difficult. That shows up in state tax revenues fairly rapidly, and the notion that states just have cumulatively among them lying around another \$8 billion that's gathering dust is complete fancy.

We've heard some states talking about intervening, and I think then they look at the price tag and they don't do it. And, the USDA has been not encouraging that states would get repaid, even if they fronted the money for SNAP. There's not a permanent mechanism that's ever been used in the Food and Nutrition Act to do that.

And we hear rumors about this and that, but I think, thinking that states can fill the gap is just completely unrealistic here, both legally and fiscally.

Lauren Bauer: Love to just go to everybody. Is there anything else that you want to share in this moment, from your expertise, from your experience, from your interactions with SNAP participants to help us understand—like, I have been asked, I'm sure all of you have as well, like, what is going to happen here? And it's never happened before. And so, does anyone want to speak to what this weekend is going to look like?

Diane Schanzenbach: I wanted to make sure that we talked a little bit about the grocery industry. You know, the grocery industry accepts SNAP dollars. It's just extremely efficient and effective. It's very low margins, but boy, they get food to our shelves so that we can purchase food.

And SNAP makes up about 8 or 9 percent of grocery spending overall, and I've been working on a little bit of, you know, and what does that distribution look like? Because around every average is a distribution.

So of course, it varies across places, and there are some, particularly in low-income rural areas, where SNAP makes up, you know, 20 or higher percent of all grocery spending.

And I think, you know, we're going to see, especially if this is prolonged, some stores get into trouble, and especially in places where it's long distance to get to a store, and they're really highly reliant on SNAP spending, I'm afraid that we're going to do some damage to the infrastructure as well.

Danielle Perry: I agree, and just to double down on Diane's point, I think this will create some issues around access, also in communities of color or low-income communities, where we have been advocating for stores to come into our communities.

And then where you see 25, 30 percent of the income being SNAP. If that comes out, you know, many people will look at this and say, I don't receive SNAP, so this doesn't matter, but it does.

If your local grocer needs this income or revenue to stay there in that community, they will either let people go who work there, they will raise prices on you, the person who's not the SNAP consumer, or they will choose to leave that neighborhood. These stores we've been begging and crying to come into our communities may just leave, and so this could create issues in access as well, and we do need to think about how this impacts our entire community beyond just the SNAP recipient. The farmer that's taking the SNAP at the farmer's market, the grocer, the retailer, even the person selling their product in the store. This matters to all of us, and I think it's important, Diane, that you lift this up, so thank you.

Stacy Dean: Yeah, and I'll just, I'll add one additional thought, and that is, look, for multiple decades, 50 years, we've had a national commitment to tackle hunger, and that is why the programs are structured the way that they are. They have the legal framework that David went through, which is to ensure that we meet the needs of individuals who are eligible for these programs, and that the federal government is a partner that can be counted on and relied upon to oversee the programs and their delivery, consistent with the law, but also consistent with an ethos of, caring for those individuals and communities in need and who qualify for the programs.

And I think, I am deeply concerned about, on November 1st, these actions will potentially break that trust and the notion of that commitment. And that's not, I don't think that's where we want to be as a country.

David Super: And if I could just say that the two biggest, I think, funding crises for SNAP previously were during the first Trump administration, when the record government shutdown, and then they also almost ran out of money in the first year of the Reagan administration. And both President Trump and President Reagan have had their complaints about SNAP, and not been perhaps the biggest enthusiasts of it, but they all felt an obligation to keep the program running, and they all almost literally stood on their head to make sure that benefits would get out to people. This has been something that has not been political or ideological up to this point, and it would be tragic if we cross that line and this does become something that's just part of partisan warfare.

Lauren Bauer: And with that, thank you all—this panel is the expert panel on these issues—for sharing your expertise with us and with our audience. And anyone can go back to the tape to see everything again. Thank you again to Senator Klobuchar for her remarks and mastery of the issues.

We will all be watching the courts, we will be watching the administration, and we will be watching Congress. And we'll be thinking of those who may be affected starting this weekend. Thank you all for being here, and we are done.