States Race to Cut Food Stamp Errors Before Penalties Kick In

Starting in October next year, states with payment error rates of 6 percent or higher must cover 5, 10, or 15 percent of SNAP benefit costs, depending on the payment error rate.

Even though the deadline is more than a year out, enrollment in the program has dropped by more than 5 million recipients as a result of the stricter rules, according to Agriculture Secretary Brooke Rollins.

Forty-one states and the District of Columbia made improper payments of more than 6 percent in 2025, according to the Department of Agriculture. Nearly half of states will have to pay more than $100 million in penalties, according to publicly available federal data.

Just nine states fell below the 6 percent error threshold in the 2025 fiscal year: Idaho, Iowa, Kentucky, Nebraska, South Dakota, Utah, Vermont, Wisconsin, and Wyoming.

Four states are considering dropping the food stamp program entirely as a result of the new rules, according to a survey by the American Public Human Services Association.

California, New York, and Florida would be responsible for more than $1 billion in SNAP costs if they failed to reduce their rates of erroneous payments. Texas would owe around $750 million.

For several states, however, a provision in the One Big Beautiful Bill delays the cost-sharing requirement for an additional two years. Nicknamed “the Alaska Carveout,” the provision allows states with improper payment rates of 13.34 percent or higher in fiscal 2025 to put off the cost-sharing requirement until fiscal 2029.

Similarly, states exceeding that threshold in fiscal 2026 can put off cost-sharing until fiscal 2030.

In addition to next year’s deadline, beginning this October, states will bear 75 percent of the costs to administer the food stamp program. That’s up from the 50 percent share paid by states since the program was started in 1964.

The tighter rules address a “financing mismatch” in the food stamp program, according to the Cato Institute, a policy research organization. For decades, states have processed SNAP applications and distributed benefits, while financial consequences have fallen overwhelmingly on federal taxpayers. That gives states little incentive to control waste and prevent fraud.

SNAP payment errors totaled more than $10 billion in 2025. More than 87 percent of that amount was due to overpayments. (More)