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Food Security in Vermont Amid Federal Policy Changes

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Chair Wood and members of the Committee, thank you for holding this important hearing on the consequences of federal policy changes for your work in the upcoming 2026 legislative session. Your Committee faces the daunting and critical task of determining how to help Vermonters survive with dignity and ensure the best outcomes possible for us all as federal policies make fulfilling this commitment much more difficult.

Although I understand my primary assignment today is to provide you with a clear explanation of federal changes to SNAP policy that were enacted in this past summer's budget reconciliation process, let me start by expressing the deep gratitude on behalf of all of the organizations working to keep people food secure from the town level to statewide for the courageous, compassionate, and strategic decision by the Emergency Board yesterday to use state contingency funds to ensure that low-income Vermonters will have food benefits on their EBT cards and heat in their homes in November. And, while my testimony is not focused on the current federal government shutdown, I can tell you that the anxiety, confusion, and stress being caused by USDA's refusal to release SNAP contingency funds has already caused real harm to the health and wellbeing of Vermonters and undermined people's trust in government.

National Context

On July 4, 2025, President Trump signed into law H.R. 1, marking the largest-ever cut to our nation's most effective and dignified federal nutrition program, the Supplemental Nutrition Assistance Program (SNAP), called 3SquaresVT in our state. Despite these harmful changes, 3SquaresVT remains our state's most effective and efficient program to reduce hunger and poverty, particularly in rural, high living cost states like Vermont.

3SquaresVT helps nearly 10% of our state population buy groceries every month. That's approximately 63,400 people–the vast majority of whom are children, older adults, and people with disabilities. Protecting and maximizing participation in 3SquaresVT supports low-income Vermonters, grocers, farmers, and our economy.

In order to receive 3SquaresVT benefits each month, people have to complete a lengthy application, provide verification about their income, expenses, and other details, complete an interview, and be found eligible by the Department for Children and Families Economic Services Division.

As this program is meant to support grocery costs for low-income households, people have to be below certain income limits based on how many people they live with and share food costs with. For example, a single mother with two kids would be a household of three, and need to earn less than approximately $4,100 a month to qualify. That would be about $49,000 a year in income.

A calculation looking at the difference between monthly income and expenses is what determines the benefit amount a household receives each month–expenses such as rent or mortgage, utilities, childcare, and medical expenses for older or disabled adults. The lower-income a household is, the higher their benefit amount will be. The highest benefit amount that a household of three could be eligible to receive is $785.

The average monthly benefit amount for all 39,000 Vermont households participating in 3SquaresVT in September 2025 was $319, which is about $79 per week. Again, these 39,000 households include 63,400 people.

For most households, monthly benefits are issued on an Electronic Benefits Transfer (EBT) Card that looks and works just like a debit card at more than 600 grocery and convenience stores across Vermont, as well as 40 farmers markets. For over sixty years, monthly SNAP benefits have been entirely federally funded -- even in all past federal government shutdowns.

SNAP funds flow directly into our state economy when people buy groceries with 3SquaresVT. In any given month, 3SquaresVT keeps more than $12 million in our state economy. This makes 3SquaresVT not only our most effective food security program, but an essential economic stimulus program. Every dollar in 3SquaresVT benefits generates up to $1.80 in economic activity. In rural areas, that spending often determines whether a small business can keep its doors open or not.

For the over 63,000 Vermonters who rely on 3SquaresVT every month to buy groceries, and the 600+ retailers and farmers who depend on those funds to support their bottom lines, this program is essential–we often hear it referred to as a "lifeline." It is a dignified, private, and incredibly efficient way to support hardworking Vermonters, older Vermonters, Veterans, children, people with disabilities, so that they can have the food they need.

Basic needs are called that because they are fundamental to sustaining a person's life. They are the base of a person's health and wellness and a family's stability. Too often people have to choose between food for breakfast or putting gas in their car to get to work; between buying needed medication or buying groceries. 3SquaresVT eases the impossible choices so many Vermonters are confronted with each day–between one basic need or another.

Devastatingly, for the 40 million people and 250,000 retailers nationwide who count on SNAP, H.R. 1 made deep funding cuts and eligibility changes to SNAP, as well as Medicaid. Specifically, H.R.1 changed the funding structure of SNAP, shifting substantial financial and administrative costs to states. Additionally, program eligibility changes were made that create more paperwork, red tape, and eligibility requirements for low-income people to navigate. Nothing about these changes are efficient, cost-effective, or dignified. They are forcing every state, including Vermont, to make time consuming and complex changes to our eligibility systems and contend with a bigger share of program costs. Worst of all, our state agencies are having to force low-income people to experience reductions to, or total the total loss of, their essential monthly food benefits.

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Changes to the SNAP Funding Structure

H.R.1 made two significant changes to the funding structure of SNAP.

1. **It will cost states more money to administer the program next year**. For the history of the program, the state and federal governments have shared the cost to administer 3SquaresVT for Vermonters 50-50. Because of H.R.1, the federal government will reduce its administrative match rate from 50% to 25% beginning October 1, 2026. This is the first quarter of Federal fiscal year 2027, and the second quarter of State Fiscal Year 2027. That means that Vermont must cover a larger share of SNAP's administrative costs to ensure it remains effective, functional, and available to Vermonters.
    a. The total administrative cost in Federal Fiscal Year 2024 was more than $33 million, which Vermont split 50 percent with the federal government.
    b. In October 2026, Vermont will be responsible for 75 percent of the total cost. Using FFY24 numbers, which almost certainly undercount the cost for FFY27, this would be an increased cost of $8.4 million. The additional cost to Vermont in State Fiscal Year 2027 would be at least $6.3 million.
    c. Investing an additional $8.4 million will allow Vermont to continue leveraging over $150 million in federal dollars that are spent directly in our food system during the same 12 month period.

2. **If Vermont does not maintain its current operations, we may have to pay a portion of monthly benefits in two years.** For the history of the program, the federal government has paid 100 percent of the monthly benefits provided to people enrolled in SNAP/3SquaresVT. Beginning October 1, 2027 (Federal Fiscal Year 2028), Vermont may trigger a 5 to 15 percent cost requirement if the state's "Payment Error Rate" is above a certain percentage (6%). Right now, we are below the threshold.
    a. The Payment Error Rate is a measurement tool to assess the health and accuracy of a state's benefit calculation system. It measures total dollar errors, not the number of cases with errors.
        i. The Payment Error Rate is caused by **caseworker error**–which could be incorrectly entering client data, not acting on information received or on verification submitted–**as well as client error**–which could be not reporting changes on time, or incorrectly reporting information–**that results in an overpayment or underpayment to clients beyond a certain range.**
    b. Were Vermont to fall above the percentage threshold that would trigger the state paying a portion of monthly 3SquaresVT benefits, that would cost an estimated $7-$22 million annually.
    c. The Payment Error Rate is complex and we would be happy to talk more with members of the committee about the details of this important measurement another time.

   d. What we are here to emphasize today is that it is very important for Vermont to maintain its low payment error rate, which will include ensuring the state has the necessary administrative funding as we discussed above, to maintain staff capacity and ensure continued efficient and high quality operations.

Changes to Program Eligibility
In addition to funding structure changes, H.R.1 made program eligibility changes that went into effect in Vermont on October 1, 2025. These changes have impacted 3SquaresVT households in significant ways.

1. **There were changes to how households report monthly utility costs.** This may sound benign, but in fact it imposes a new, additional reporting burden on households and added administrative burdens for state workers. This rule change decreased benefits by approximately $100 per month for 2,600 households, while 36 households saw a total loss in benefits. This change is confusing to people, and has required significant training of service providers to understand what households need to report to DCF. If someone pays for heating or cooling, they may be eligible to get a significantly higher monthly benefit amount, but they now need to report that information when they have never had to before. Benefits decreased after October 1st for households that either don't pay heating or cooling, or haven't told DCF that they do. This is requiring a massive public education campaign.

2. **There were changes to the existing work reporting requirement that limits how many months adults can get 3SquaresVT.** This is called the "Time Limited Benefit Work Requirement," and requires adults to report 20 hours of work activity a week or prove they meet an exemption to the requirement. Without reporting work activity or meeting an exemption, people can only get 3 months of benefits in a 3 year period. Prior to H.R.1, adults aged 18-54 who did not have children or a diagnosed disability were subject to this rule. The new law expands who is subject to the work reporting requirement to include:
   a. Adults up to age 65, and
   b. Parents or caregivers of children aged 14 or older

   HR 1 also revoked legal exemptions from this reporting requirement for:
   c. Veterans
   d. Former foster youth between ages 18 and 25, and
   e. People experiencing homelessness.

   According to DCF, 4,400 households will be newly subject to work reporting requirements to continue participating in 3SquaresVT as a result of these changes, and thousands more 3SquaresVT participants were already subject to them. The federal work reporting, verification, and exemption requirements are confusing and time-consuming, and DCF is taking action to contact those newly affected by these rule changes directly. However, nearly everyone subject to these rules needs personalized assistance to navigate them, and many people who could meet them or be exempted from them never make it through the process.

   Thanks to action initiated by this Committee and taken by the Legislature last session that required DCF to use their bank of SNAP "discretionary months," no one in Vermont is at risk of losing benefits until

February 2026, even in the face of federal expansions to the work reporting rules. But if households do not report work activity beginning November 2025, they can only receive 3 months of food benefits until they are able to meet the work requirement or prove they are exempt.

There are many ways for people to be exempt from the work reporting requirements, including being pregnant, being a student, or having a temporary personal obstacle or barrier to work. But as with the utility changes, the reporting rules are complex. Too often, people who are otherwise eligible for 3SquaresVT fall off the program because they miss a paperwork requirement.

Decades of evidence show work requirements ignore systemic barriers in the labor market and do nothing to create good, consistent jobs, expand training programs, or provide affordable, accessible child care. In Vermont, prior to July 2025, an average of 200 people monthly fell off 3SquaresVT because they were able to meet or report work activity but remain otherwise eligible.

Research shows that nearly 75% of adults enrolled in SNAP typically either already work during the same month of their participation or find employment within a year thereafter. While it is true that most low-income adults who are able to work are indeed employed, it is also true that 3SquaresVT participants are in jobs that offer low pay, may have inconsistent hours, and may not offer paid sick leave. In more rural parts of the state, employment opportunities may be limited, and public transportation may be unavailable or unaffordable.

3. **There were changes in eligibility for some "non-citizen" community members.**
   The new law bars from 3SquaresVT all immigrants who are not qualifying Lawful Permanent Residents, Cuban or Haitian entrants, Amerasians, Hmong or Highland Laotian Tribal Members, or Compact Of Free Association citizens. Immigrants granted official humanitarian status–refugees, asylees, and Afghan Special Immigrant Visa holders–lost eligibility on October 1st. According to DCF, 119 households were impacted by the implementation of this change. 83 households lost benefits completely, while 36 households saw a reduction in benefits because some household members no longer qualified. Over 360 people were affected.
   a. While H.R.1 and USDA impose incredibly difficult deadlines on states to implement changes that USDA has not issued full guidance on, other states are awaiting further federal direction or legal authority before implementing any changes with regard to immigrant eligibility.
   b. Vermont AHS has developed its own policy, which national legal experts believe is counter to existing statute that would maintain eligibility for certain Lawful Permanent Residents who were admitted as refugees or granted asylum. This has impacted people in Vermont who are Afghan Special Immigrant Visaholders (SIV) in particular.
   c. We encourage this committee to look into national legal interpretation of this policy or invite Vermont Legal Aid and/or national legal experts to speak to this issue. Hunger Free Vermont would be happy to provide contact information for national groups.

As you can see, what is happening is that SNAP will be more complicated and burdensome for participants as well as the staff who help people get their benefits. Also, the threat of the Payment Error Rate punishment will add stress to all involved and threaten food security. Further, because people use their SNAP benefits at our local grocers, country stores and convenience stores, a reduction in the number of people able to access and spend SNAP benefits could result in closures of these retailers and the loss of the local jobs they create, thus threatening the economic stability and food security of whole communities.

Despite these federal changes, 3SquaresVT is still our most effective, efficient, and dignified food security program, and as Vermont state policymakers, *you* can take action to ensure it remains so for the tens of thousands of Vermonters who depend on it. We are ready to partner with you to support your efforts.

We've already come far down the road to food security, and we don't have to stop now. There are three actions the State of Vermont can take that will bolster 3SquaresVT, provide backstops, and invest in existing systems that work for Vermonters.

1. **Maximize and leverage federal funding wherever possible:** To ensure that Vermonters continue to have access to 3Squrares VT, and our state economy continues to tap into more than $150 million federal dollars annually, we recommend the following funding actions and investments:
    a. **Fund SNAP Administration:** Appropriate the funding needed, including the additional estimated $6.3 million for State Fiscal Year 2027, to the Department for Children and Families, Economic Services Division, to ensure continued administration of 3SquaresVT. **This is essential to maximizing and leveraging federal funding**, maintaining a low payment error rate, and ensuring effective delivery of 3SquaresVT.
    b. **Strengthen Early Childhood Nutrition Support:** Appropriate $182,000 to the Agency of Education's Child Nutrition budget for incentive payments to Sponsor Organizations of the Child and Adult Care Food Program (CACFP). This funding would shore up struggling sponsorship programs to continue CACFP participation among Family Child Care Home providers, ensuring that more young children in Vermont receive nutritious meals and snacks using federal funds.
    c. **Expand Benefits Navigation and Outreach:** Utilize available federal funding—such as through the state SNAP Outreach Grant—and provide additional state resources to strengthen the work of service-providing organizations that support Vermonters in accessing public benefits. This investment would include:
        i. Outreach and dissemination of accurate and timely information to Vermonters about available programs.
        ii. Training for benefits navigators to ensure effective and accurate combined navigation and support for Medicaid, SNAP, and other benefits.
        iii. Application assistance provided by trusted community organizations to help eligible individuals successfully enroll in programs such as Medicaid, SNAP, and related supports.

Benefit navigators already play an essential and significant role in ensuring people all across our state have access to 3SquaresVT, Medicaid, and other essential programs. The state of Vermont is already partnered with 10 organizations through the SNAP Outreach Grant, a well-established network of benefit navigators who support Vermonters in applying for and maintaining federal benefits. The program rule changes in HR 1 make expanding benefits navigation assistance even more critical.

Benefit navigators are *partners in accuracy* for the state. A robust network of benefit navigators who are trained in 3SquaresVT and Medicaid program rules and eligibility would support the state's operations, reduce administrative burden, and contribute tomaintaining a low payment error rate. Benefit navigators improve the quality of verification that clients submit at application and renewal, help clients understand how to report changes when they need to, and demystify for clients why and how ensuring the state has accurate and verified information impacts benefit amounts.

Further, benefit navigators are key members of communities. **Bolstering this existing work of the work of trusted service-providing organizations will likely increase the number of Vermonters enrolled in these critical programs. We know that only 40% of income-eligible people in Vermont participate in 3SquaresVT.** While not all of these Vermonters meet other income rules, we do know that many more people qualify than are currently enrolled in 3SquaresVT. Many people do not understand this program, do not think they qualify, and do not have time to figure out application changes on their own, but all of these barriers to enrollment could be removed by a network of highly trained benefit navigators.

2. **Provide concrete supports so the most vulnerable groups in Vermont can maintain a bare minimum of health and family stability even if they are no longer eligible for basic needs programs like 3SquaresVT and Medicaid.** Flexible funding must be provided to community-based service organizations to be used for tangible and essential needs of the people they serve, such as a gas card to get to work, a grocery gift card to cover food at the end of the month, or paying a utility bill.

3. **Raise Revenue:** The highest-earning 5% of Vermonters are set to receive a total federal tax cut of over $440 million per year–using funding pulled directly from SNAP and Medicaid, programs we all pay for with our federal tax dollars. You, our legislators, need resources with which to ensure the best outcomes for all of us here in Vermont–the survival of our communities depends on it.

Vermont has a long legacy of being a leader in policy that moves us towards food security for all in our state. No state can replace every federal dollar lost–but Vermont can think creatively, innovatively, and lead again in designing policy choices that ensure the best outcomes for Vermonters at this moment and for the future.

Hunger Free Vermont thanks this Committee for considering this strategic three-part plan to ensure 3SquaresVT, Medicaid, and concrete support programs for communities are available and accessible to Vermonters. Throughout the 2026 legislative session, we urge you to keep focused on what 3SquaresVT makes possible for all of us in Vermont–not only the 63,000+ people who receive its benefits every month, but for our farmers, businesses, and economy as a whole.