



Agency of Human Services, Department for Children and Families **Changes to the Administration of the Supplemental Nutrition Assistance Program**

In Accordance with Title 33 V.S.A. 1703

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Executive Summary

The federal legislation H.R.1, enacted July 2025, makes various changes to the Supplemental Nutrition Assistance Program (SNAP), known in Vermont as 3SquaresVT. These changes affect work requirements, benefit levels, program administration, outreach partnerships, and eligibility criteria, with staggered implementation dates from 2025 through 2027.

Vermont will face increased administrative and financial obligations, reductions in outreach capacity, and limited benefit losses for specific populations. This report outlines the provisions of H.R.1, their effective dates, and projected impacts on Vermont households and state government.

Key Provisions and Impacts:

In Vermont, the federal Supplemental Nutrition Assistance Program (SNAP) is known as **3SquaresVT**, a program administered by the Department for Children and Families (DCF) that provides nutrition support to income-eligible households across the state, approximately 10% of Vermont's population. With the passage of H.R.1, Vermont must implement a series of program changes that affect eligibility, benefits, and administration.

DCF's goal is to ensure that all required changes are fully implemented by their federal effective dates or as soon as possible thereafter to protect Vermont from federal payment error or audit findings. The federal government has issued initial memos stating that the expectation is that the law changes are effective upon passage, July 4. Additionally, the hold harmless period from payment errors begins upon implementation of the change and runs through and no later than November 1. States are not held harmless from payment errors made July 4 to the date of implementation. Vermont's implementation date was August 22, when the program's manual was updated and published. This means that Vermont would be held harmless for any errors made between September 1 and October 31, 2025. However, errors made between July 4 and August 31, 2025, would count toward the State's payment error rate. Historically, the federal implementation period allowed for time for IT system updates, staff training, and operational adjustments to be made. That is not the case with the expectations of H.R.1 implementation. DCF is committed to meeting federal requirements as soon as is

feasible while continuing to provide consistent, accurate, and timely support to Vermonters who rely on 3SquaresVT.

Work Requirements - Effective July 4, 2025

H.R.1, which took effect upon signing by President Trump on July 4, 2025, removed three prior work requirement exemptions for the following groups:

- individuals experiencing homelessness (currently approximately 1,603 Vermonters),
- veterans (currently less than 12 Vermonters), and
- young adults who have aged out of foster care (currently less than 12 Vermonters).

The law also expanded the age range of individuals subject to the Able-Bodied Adults Without Dependents (ABAWD) work requirements, raising the upper age limit from 54 to 64. Many individuals in this group may currently qualify for other exemptions based on health, disability, or caregiving status. DCF expects to have more specific data as staff work with clients to identify their most appropriate status.

The exemption for parents or guardians with dependent children was narrowed to households with children under the age of 14, compared to the prior cutoff of under age 18.

The Vermont Legislature directed DCF, through the SFY26 budget bill, to use discretionary exemptions to allow individuals subject to a work requirement to be held harmless from accruing countable months through September 30, 2025, when Vermont's bank of discretionary exemptions expires. Additionally, Vermont's three-year ABAWD time clock resets on November 1, 2025, granting every individual with a work requirement three new work requirement "free" months of benefits during the next three-year period, which runs November 1, 2025, through October 31, 2028. Through the legislative directive, DCF is utilizing its discretion to ensure that 3SquaresVT recipients are not negatively impacted by the work requirement until the ABAWD clock resets on November 1. Together, these measures mean that Vermonters will not begin losing benefits due to the H.R.1 work requirement changes until February 2026 at the earliest. This transition period allows DCF time to update IT systems, conduct outreach and education for participants, and assist households in determining whether they qualify for alternative exemptions.

Other Provisions - Also Effective Upon Signing of the Law

Three additional changes from H.R.1, effective July 4, are expected to be implemented effective October 1, 2025, to align with the beginning of the new federal fiscal year. They are:

- The Thrifty **Food Plan (TFP)**, which serves as the basis for setting maximum SNAP benefit levels nationwide. Under the new law, future re-evaluations of the TFP must be cost-neutral, limiting benefit increases or adjustments to reflect current food costs or changes to nutritional standards unless those increases are offset elsewhere in the plan. Thrifty Food Plan updates are the responsibility of the federal government and no action from DCF is needed for this change.
- The **Standard Utility Allowance (SUA)**, commonly known as the “Heat and Eat” policy. Currently, households that receive assistance through the Low-Income Home Energy Assistance Program (LIHEAP) may qualify for higher SNAP benefits by claiming utility costs through the full SUA. Vermont utilizes the nominal \$21 “heat and eat” benefit authorized in Vermont law, 33 V.S.A. 2605(h), to leverage the full SUA deduction for purposes of calculating 3SquaresVT benefit amounts. Under H.R.1, the use of this allowance will be restricted to households with an elderly or disabled member. Other households without an elderly or disabled household member may see a decrease in their 3SquaresVT benefits as their utility allowance deduction will be based on the number and type of utilities for which they actually pay.
- The **non-citizen eligibility benefit**. SNAP eligibility will now be restricted to lawful permanent residents, Cuban and Haitian entrants, individuals covered under the Compacts of Free Association (COFA) Amerasian individuals, Canadian-born Native Americans, Native Americans with treaty rights and Hmong and Highland Laotian Tribal Members. Some previously eligible individuals, including refugees and asylees, are no longer eligible. DCF is manually reviewing the current 1,532 cases during the month of September to determine eligibility starting October 1.

Program Funding Cuts - Effective October 1, 2025

SNAP-Ed Eliminated: Starting on October 1, 2025, H.R.1 eliminates all new federal funding for the SNAP-Education program, known as SNAP-Ed. This program had been funded entirely with federal dollars and was designed to promote nutrition education, improve food security, and prevent obesity among low-income households.

In Vermont, SNAP-Ed was administered by DCF, in collaboration with the Department of Health and community partners, providing evidence-based nutrition classes, cooking

education, and outreach efforts to help families make healthy, cost-effective food choices.

The program's elimination is expected to reduce service availability in the communities that utilized SNAP-Ed for nutrition and wellness programming.

Administrative Cost-Sharing Changes – Effective October 1, 2026

The federal share of administrative costs for SNAP programs nationwide will decrease from 50 percent to 25 percent on October 1, 2026. Vermont will assume responsibility for 75 percent of the costs required to administer the 3SquaresVT program, an estimated \$8.4 million in new annual costs to the state. These calculations do not account for potential additional expenses tied to upcoming IT modernization projects, such as new noticing systems or upgrades to the Vermont Integrated Eligibility System (VTIES), which could further increase the state's fiscal responsibility.

Vermont's network of SNAP outreach partners will also be affected. Currently, these organizations receive reimbursement under a 50/50 funding structure, which allows them to leverage both state and private contributions to expand access to benefits. Under the new 25 percent reimbursement formula, partners will also experience a reduction in federal support. For example, Hunger Free Vermont raises over \$396,000 in private contributions (and receives some public funds) to support outreach efforts; the reimbursement on this total will now be halved, down to 25% of the total. Similarly, agencies such as the Vermont Foodbank, SEVCA, BROCC Community Action, and multiple Councils on Aging rely on a combination of state appropriations, donations, and community fundraising to provide application assistance and food access programs.

Table 1. Outreach Partner Funding Impact

Partner	Current Public Funds	Current Private Funds	Total Funding	Federal Reimbursement Change
Hunger Free Vermont	\$60,000	\$396,408	\$456,408	↓ 25% reimbursement
Vermont Foodbank	\$0	\$371,274	\$371,274	↓ 25% reimbursement
BROC Community Action	\$44,000	\$0	\$44,000	↓ 25% reimbursement
SEVCA	\$40,000	\$18,647	\$58,647	↓ 25% reimbursement
CVOEO	\$64,000	\$171,388	\$235,388	↓ 25% reimbursement
CVCOA	\$74,664	\$102,286	\$176,950	↓ 25% reimbursement
Age Well	\$131,676	\$103,717	\$235,393	↓ 25% reimbursement
NEKCOA	\$54,812	\$10,219	\$65,031	↓ 25% reimbursement
SVCOA	\$85,764	\$16,867	\$102,631	↓ 25% reimbursement
Senior Solutions	\$70,440	\$93,569	\$164,009	↓ 25% reimbursement

Benefit Cost Sharing - Effective October 1, 2027

Beginning in federal fiscal year 2028, states will need to begin to contribute to the direct cost of 3SquaresVT benefits, which have historically been funded entirely by the federal government. The size of each state's required contribution will depend on its official federal **Payment Error Rate (PER)**, a measure of administrative accuracy in determining benefit eligibility and amounts.

States will be required to contribute a share of SNAP benefit costs based on the Payment Error Rate (PER). Vermont will be allowed to use either its federal fiscal year 2025 or federal fiscal year 2026 PER to determine the cost sharing in the first year this takes effect. Each following year, the benefit cost sharing amount is based on the official PER from three federal fiscal years prior (ex. FFY29 benefit cost sharing will be based on FFY26 PER) as follows:

- States with PER <6%: no contribution
- PER 6–7.99%: 5% of benefit costs
- PER 8–9.99%: 10% of benefit costs
- PER ≥10%: 15% of benefit costs

Vermont's official PER for federal fiscal year 2024 was 5.13 percent, just below the six percent threshold indicating no contribution. If Vermont's rate rose above 6%, the contribution could equal approximately \$625,000 to \$650,000 per month, or up to \$7.8 million annually.

Higher error rates could increase this obligation.

Conclusion

The Department for Children and Families (DCF) is committed to implementing the provisions of H.R. 1 in a timely and effective manner, ensuring that Vermont remains in compliance with federal requirements. While the law presents various changes for the 3SquaresVT program, DCF is proactively preparing by updating systems, educating participants, and investing in thorough staff training.

By equipping staff with the tools and knowledge needed to administer benefits accurately, DCF aims to maintain Vermont's record of program integrity and avoid unnecessary state expenditures tied to federal error rates. DCF approaches this work with a focus on partnership, accountability, and service to Vermonters.