FOOD SECURITY · THE SNAP REWRITE · PART 3 OF 5

Who *pays* for SNAP now?

The 2025 budget law didn't just cut food aid. It rewrote who pays for it. How much North Carolina will owe depends on its error rate, the share of its benefit dollars paid wrongly, too much or too little. In the first year, starting October 2027, the error-rate rule alone could cost about $150 million or nothing at all, and later years could cost more. The state's 2026 budget pays that bill out of local sales tax withheld from the counties, money they share with their cities, towns and special districts.

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Sources & notes (53 linked documents) · PDF version

For as long as SNAP has existed, the deal was simple: Washington paid for the food, and the state and federal governments split the cost of running the program.

The **One Big Beautiful Bill Act**, the 2025 budget law, changed that deal. Some changes began in 2025. Two more were set for later dates: October 2026 for the cost of running the program, and October 2027 for part of the food bill. North Carolina is one of only 10 states where the counties, not the state, run SNAP. So when Washington pays less to run the program, the extra cost doesn't stop with the state. Most of it gets passed down to the counties, and to the people who pay county taxes. If you live here and never expect to need SNAP, this is still your bill now.

New to SNAP? First read **what it actually is and how little it gives →**

THE SNAP REWRITE · A FIVE-PART SERIES

1. What SNAP actually is
2. Who loses SNAP now?
3. **Who pays for SNAP now?** YOU ARE HERE
4. Who we call homeless
5. The part of SNAP we can actually fix

In this piece 5 sections

The rewrite
The quieter changes
The score
The county bill
The bottom line

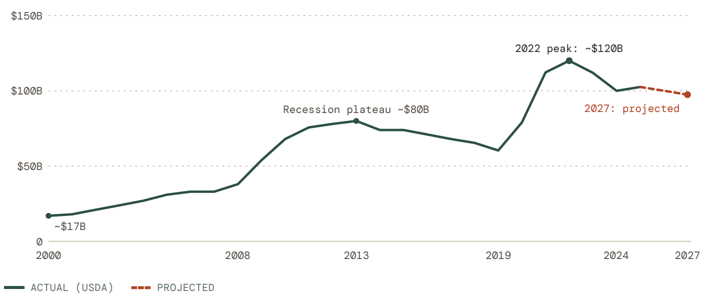
THE REWRITE

Four changes in one law

The Congressional Budget Office puts the law's SNAP cuts at about $187 billion over the 10 years through 2034. That doesn't mean $187 billion out of a single year. It means the program is set to spend about a sixth less over those years than it was projected to.

TWENTY-SEVEN YEARS, ONE LINE

Federal SNAP spending each year, 2000 to 2027, in billions



Total federal SNAP cost per year. The line tracks the economy and the law. It climbs with the Great Recession to a plateau near $80 billion, jumps again with pandemic payments and the 2021 benefit raise, drops after those payments end in 2023, then bends down again as the 2025 law takes hold. This line is spending per year, drawn through 2027. The $187 billion cut above is different: it's a running total that reaches that figure in 2034. Figures rounded; USDA Food and Nutrition Administration and CBO; 2026 and 2027 projected. CBO's projections include money for Puerto Rico and American Samoa; USDA's figures do not.

Supporters of the law see the cut as a correction for real growth, and that growth did happen. In today's dollars, SNAP spending roughly quadrupled from 2000 to 2023. Most of that growth came during recessions and the pandemic. But the $187 billion total doesn't show how the cuts work. The law makes four separate changes, each starting at a different time and paid for by someone different.

01 · SINCE DECEMBER 2025

The work rules widened

SNAP has long required adults without a child under 18 in the household, unless they're exempt, to work, train, or volunteer an average of 20 hours a week over the month. Those who don't can get benefits for no more than **three months out of every thirty-six**. The new law applies that rule to far more people: adults up to age 64 instead of 54, and adults in a household whose youngest child is 14 to 17. It also removes the exemptions for veterans, homeless people, and young adults who aged out of foster care. Congress had added those exemptions only in 2023, and they were set to end in October 2030. North Carolina still exempts a veteran who receives VA disability benefits at any rating. Under the state's rules, a caseworker can also exempt a person who cannot work 20 hours a week because of **chronic homelessness**.

02 · OCTOBER 2026

Counties pay more to run it

Washington paid **half the cost of running SNAP** through September 2026. From October 2026 it pays a quarter, except for job-training costs, where its share does not change. In North Carolina, where counties run the program, most of that extra cost lands on the 100 counties. Statewide, the counties pay about $69 million more a year, and over $8.1 million of it falls on Mecklenburg alone.

03 · OCTOBER 2027

The food money itself

For the first time, states have to pay part of the benefits themselves. How much depends on the state's error rate, the share of its benefit dollars paid wrongly. Score well and the state pays nothing extra. Score badly and it can owe up to 15 percent of the entire food bill. North Carolina's 2026 budget covers that cost by withholding part of each county's sales tax distribution, money counties share with their towns, cities and special districts.

04 · ALREADY VISIBLE

The rolls have shrunk

North Carolina's rolls fell from about 1.47 million in March 2025 to about 1.24 million in October 2026. About 112,000 of that fall came between March and June 2025, before the law was signed.

THE QUIETER CHANGES

Other cuts in the same law

The four big changes get the headlines, but the same law makes quieter ones that add up.

Fewer immigrants qualify: refugees, people granted asylum, and most others let in on humanitarian grounds can no longer get SNAP, even if they work, unless they've become permanent residents. In North Carolina, the change applies to applications and renewals from February 1, 2026. Even after becoming permanent residents, some people in these groups face a five-year waiting period. The 2025 law did not change that wait.

The benefit can no longer outpace inflation: the 2021 raise to the **Thrifty Food Plan** was the first in 45 years to do that. The law now caps future increases at inflation, which slowly erodes what a benefit buys.

The shelter deduction shrank in two ways: by the Congressional Budget Office's estimate, one change means about 3 percent of households lose about $100 a month, and the other means about 65 percent lose about $10 a month. These are averages over 2026 through 2034.

And the nutrition classes lost their funding: SNAP paid for more than food, including classes on eating well on a tight budget. The law stopped requiring funding for those classes after the 2025 grant. Money already awarded could be used at most through September 30, 2026. Only a state that carried its 2025 grant forward under a 2026 plan could use it that late.

The basic income and asset limits didn't change. What changed is who counts as eligible and how much the formula gives them: fewer people qualify, and those who do get a little less.

THE SCORE

A bill tied to a *score*

Starting in October 2027, a number that has mostly measured how accurately a state pays benefits also determines how much the state owes for the food itself.

Every year, the USDA estimates each state's **payment error rate** from a sample of cases. The rate is the dollars a state got wrong, too much or too little, as a share of all the benefits it issued. Those dollars include benefits paid to a household that did not qualify. Either the state agency or the household can cause an error: the agency miscalculates a household's expenses, for example, or the household forgets to report a change in income. The USDA says these errors are largely unintentional. They pile up fastest in the hardest cases, like families whose income changes every month. The USDA says its error rates are not fraud rates.

Fraud is a separate, smaller problem. The government's own studies measure it at about a penny or two on the dollar, roughly $1 billion a year. A May 2026 USDA report flagged at least $3 billion a year more in cases such as duplicate enrollments, dummy or missing Social Security numbers, and people listed as active who had died. But the report itself calls this "potential fraud, waste, and abuse," not proven cases. Either way, fraud is not what the error rate counts. The bill is tied to the payment errors.

Every error has a real household on the other end. A family paid too much has to pay it back, even when the state's own mistake caused it. A family paid too little because of the state's mistake is owed the difference, generally for no more than the 12 months before the loss came to light.

Since 1980, a high error rate could cost a state money, but only in narrow cases. Under today's rules, a penalty comes only after two straight years clearly above the national rate. The USDA requires up to half of the penalty to be spent improving how the state runs the program. Up to another half of it is owed only if the state crosses the line again the next year.

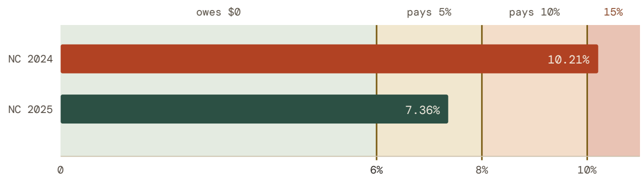
The new law ties a share of the food bill to the score. Starting in October 2027, a state with an error rate under 6 percent pays nothing toward benefits. From 6 to 8 percent, the state pays 5 percent of its food bill. From 8 to 10, it pays 10 percent. At 10 or above, 15 percent.

And the rate is an estimate, not an exact count. The state checks only a sample, about 1,150 North Carolina cases a year. So the rate carries a margin of error, roughly two points either way. The new penalty treats the number as exact. The penalty's tiers are only two points apart, at 6, 8, and 10 percent, and the luck of the draw alone can tip a state from owing nothing to owing tens of millions.

On June 24, 2026, the USDA released the 2025 scores. They cover the federal year that ran from October 2024 through September 2025. The national rate was 10.62 percent, about $10.1 billion in wrong payments. North Carolina's was 7.36 percent. Most of the money the state got wrong went to families who were paid too much.

THE GRADE, TO SCALE

North Carolina's SNAP payment error rate against the new penalty tiers



Both bars are drawn to the same scale. North Carolina's 2025 rate, 7.36 percent, lands just past the 6 percent line, into the first penalty tier; a year earlier, at 10.21 percent, it would have hit the top one. Rates from USDA's June 24, 2026 release and the 2024 tables; the cost tiers are set by the 2025 budget law (P.L. 119-21).

North Carolina hands out about $2.8 billion in SNAP benefits a year. At the 2024 error rate of 10.21 percent, the state would owe 15 percent of that, as much as $420 million a year. That's a bit over 1 percent of the state's general fund. But the state won't pay it from there: its 2026 budget takes the money out of local sales tax instead. At 7.36 percent, the bill drops to the 5 percent tier, about $150 million. One year's drop in the error rate cut the worst case by about $270 million.

The bill is not final yet. For the first year, a state can use whichever is lower, its 2025 or its 2026 error rate. If North Carolina's 2026 rate comes in under 6 percent, its share for the first year is zero. Because the second year's share is also based on the 2026 rate, that one score would wipe out the bill for both years.

So the federal year that ended September 30, 2026 is the one being graded. How accurate North Carolina's paperwork was that year will determine whether the state owes nothing for food in either year, or about $150 million in the first year. In the second, it could owe as much as 15 percent of that year's benefits, about $420 million on today's $2.8 billion. A 2026 rate above 13.33 percent would instead delay the start to October 2029.

The state's early numbers put it above the 6 percent line. In November 2026, Smoky Mountain News quoted Dev Sangvai, the state's health and human services secretary. If the rate stays "in that 6.5% range that we're currently in," he said, "North Carolina will have to find about $150 million a year." The USDA will publish the official 2026 rates in the summer of 2027.

Tying millions of dollars to one or two years of scores is shaky. A rate pulled from a small sample bounces around. One that jumps high usually drifts back down the next year on its own. Part of North Carolina's fall from 10.21 to 7.36 percent is real cleanup, since the state closed thousands of old cases. Part of it is that drift. The fall is not proof the state suddenly got better at paying people right.

Supporters of the law have a fair point here. If you're paying out billions of dollars, you should get the amounts right. Before North Carolina's 2025 score, its error rate had run above 9 percent for three measured years in a row, up from under 6 percent before the pandemic. And North Carolina is not alone: on the 2025 scores, 41 states and the District of Columbia would face a penalty. Supporters see that as overdue accountability for states that were long shielded from the cost while Washington paid more than 90 percent of the tab. Nationwide that first bill comes to about $9 billion, and close to half the states would owe $100 million or more.

But accuracy is not the only way to lower the score, and that is the problem. A state that can't find $150 million has a cheaper way out. The score counts only the money paid to people who got the wrong amount. It does not count the people a state wrongly turns away. So a state can bring its error rate down without paying more carefully, by making SNAP harder to get and keep. The Center on Budget and Policy Priorities and the Food Research and Action Center both warn the law pushes states that way, toward more paperwork, shorter deadlines, and **more frequent renewals** that quietly thin the rolls. Illinois and Georgia have already started making some families renew twice as often. No state has said out loud that it is dropping people to lower its bill. It doesn't have to, because the incentive works on its own.

THE COUNTY BILL

Counties get a bill too, and *sooner*

The error-rate bill is the big one, so it gets the attention. But a second bill comes a year earlier, in October 2026, and it lands closer to home.

Running SNAP costs money: the caseworkers, the computer systems, the phone lines, the fraud checks. Washington paid half through September 2026. Under the new law it pays a quarter, except for job-training costs, where its share doesn't change. In most states, the state government covers the difference. In North Carolina, where counties run the program, most of that extra 25 percent lands on county taxpayers. **State health officials** told a legislative committee in January 2026 that this will cost North Carolina's counties about $69 million more a year, starting in October 2026. They said about $16 million more would fall on the state itself. Mecklenburg County's share alone is estimated at over $8.1 million, the most in the state.

When the state health department worked out the new cost county by county, Buncombe's share came to about $2.8 million a year. That is additional money the county must find once the change is fully in effect. The county's own budget for July 2026 through June 2027 puts the cost at about $1.7 million. That figure covers only part of a year, because the change starts in October 2026, three months into the county's budget year. The same shift hits other counties in the mountains of Western North Carolina, adding about $760,000 a year in Henderson County, about $410,000 in Haywood, and about $280,000 in Jackson.

The state is not helping the counties pay the new cost. Its 2026 budget left out the roughly $52 million the counties' association had asked it to cover for the first nine months, October 2026 through June 2027. In June 2026, a group of state senators asked Congress to delay the change. Congress did not, and it took effect October 1, 2026.

About 29,000 Buncombe residents were on SNAP in spring 2025. In October 2025, the county put the average benefit at about $171 a person a month. County caseworkers, not the state, read the documents, approve or deny applications, and enter the data on the cases the error rate is drawn from. Starting in October 2026, the county pays more for all of that work than it did when Washington paid half.

THE BOTTOM LINE

What it *means* for Buncombe

If you pay taxes in Buncombe County: from October 2026 you pay more. County taxpayers cover a bigger share of the cost of running SNAP. By the state's estimate, the county's extra cost comes to about $2.8 million a year once the change is fully in effect. And from October 2027 the food bill can fall partly on the county. If the state owes a share, North Carolina's 2026 budget takes it out of every county's sales tax. It's not only a tax question. About 25,000 residents here were on SNAP as of October 2026, down from about 29,000 in spring 2025. The roughly $50 million a year in benefits they spend goes to local grocers and tailgate markets. As the rolls shrink, so does that money.

That's who pays. The 2025 law also changes who can get SNAP. Buncombe's rolls had already fallen by about 1,700 people between April and June 2025, before the law was signed. If you get SNAP, or you want to know who is losing it and why, that is the other half of this story: **Who Loses SNAP Now →**

THE TAKEAWAY

For 60 years, one thing about SNAP never changed: the federal government paid for the food. That is ending. From October 2027, part of the food bill can land here. How much the state owes depends on how accurate its paperwork is. The bill can run from nothing to $420 million a year, and it's about $150 million at the state's 2025 error rate. The 2026 budget passes that bill to the counties through their sales tax. The counties also owe more just to run the program. From October 2026, Washington pays a quarter of that cost instead of half. The 2025 law can reward the state for helping fewer people, because the people the state wrongly turns away do not count against its error rate.

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