

# One Big Beautiful Bill Takes Steps Toward a Work-First Safety Net, But States Will Have to Act

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When low-income Americans enter the complex world of government support to get back on their feet, they often are ensnared in long-term poverty that keeps them in survival mode. Put simply, the safety net frequently fails to empower its recipients to find lasting opportunity. The One Big Beautiful Bill (OBBB), signed into law by President Trump, reforms to the two largest safety net programs—Medicaid and the Supplemental Nutrition Assistance Program (SNAP)—with the goal of empowering more beneficiaries to find self-sufficiency and safeguard these vital programs for the vulnerable.

As Alliance for Opportunity co-founder Randy Hicks said in [City Journal](#), “The GOP is right to argue that work is part of a good life, and that some program recipients should be required to hold a job. But work requirements are only a first step. If the One Big Beautiful Bill becomes law, states will quickly discover that their administrative systems are ill-equipped to move recipients from welfare to work.” Implementing the OBBB reforms will require state legislatures and administrative officials to revamp their eligibility and case working systems in their state budgets so that beneficiaries find self-sufficiency, not red tape. It will also require states to integrate their safety net and workforce programs, following Utah’s successful “One Door” strategy.

Our safety net should be designed to meet vulnerable, low-income families in their time of need. It should also be navigable and directed towards self-sufficiency so that poverty is a short-term affliction, not a long-term way of life. Safety net spending has doubled in real dollars since 1996, and taxpayers now spend more than \$1.5 trillion dollars annually on it. Now, nearly one in three Americans are dependent on assistance.<sup>1</sup> If properly implemented, the OBBB reforms will lead to greater prosperity for low-income Americans by ensuring that these vital programs fulfill their purpose by safeguarding them against fraud, so they are able to meet the vulnerable when they need assistance, and refocusing them on their long-term goals of independence through gainful employment or community engagement. The OBBB achieve this reset in Medicaid and SNAP by increasing work engagement and reducing fraud.

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<sup>1</sup> Assistant Secretary for Planning and Evaluation, Suzanne Macartney and Robin Gertner, “How Many People Participate in the Social Safety Net?” Department of Health and Human Services, Jan 20, 2023, <https://aspe.hhs.gov/reports/people-participate-social-safety-net>

## OBBB Safety Net Changes

First, the bill strengthens work expectations for working age, able-bodied adults. Work is the best pathway out of poverty. [When unemployment lasts more than six months, it is also associated with decreased well-being](#), even measurably affecting mortality, reducing life expectancy by as much as a year and a half.

And we know that work requirements bring these beneficiaries back to employment because the 1996 Welfare Reform proved it. It transformed the former Aid to Dependent Families with Children program into the Temporary Assistance for Needy Families, while instituting a first-of-its kind work requirement in a federal welfare program.

The results were extraordinary:

- The employment-to-population ratio for never-married mothers, who primarily made up the AFDC rolls, shot up from 46.4 percent to 62.6 percent in five years. By 2019, it reached 73 percent.<sup>2</sup>
- Most importantly, child poverty, which had largely been stagnant for decades, fell by more than 60 percent.<sup>3</sup>
- There is also significant evidence that when mothers who were formerly dependent on the safety net found employment, they gained better physical, emotional, and psychological health, as well as better health and behavioral outcomes for children.<sup>4</sup>

Second, the OBBB increases integrity measures that will root out the program's unacceptable and massive level of waste, fraud, and abuse. Americans are a generous people who believe in helping our fellow citizens when they face economic hardship. But, with ever-increasing error rates, that generosity has been taken advantage of by bad actors and careless oversight. The bill creates reasonable eligibility standards and gives states the tools to enforce those standards so that these programs are safeguarded to aid the truly needy.

States will have a tight timeline to implement a massive overhaul of these two fundamental safety net programs.

The OBBB will require substantial changes for initial and ongoing eligibility checks against state and national data systems. The implementation of work requirements will require ongoing casework and data checks to ensure ongoing compliance. It will also require ensuring that state employment and training systems are effectively integrated within the department of human services (where eligibility systems are generally housed), so that any beneficiary subject to a work requirement has access to effective training or volunteer opportunities.

Both changes will require legislation in the 2026 sessions to assess systems, integrate new data checks, and allocate state funding as needed.

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2 Rachidi, Angela, Matt Weidinger, and Scott Winship. 2022. "A Safety Net for the Future: Overcoming the Root Causes of Poverty." In *American Renewal: A Conservative Plan to Strengthen the Social Contract and Save the County's Finances*, ed. Paul Ryan and Angela Rachidi. Washington, DC: American Enterprise Institute. <https://www.americanrenewalbook.com/a-safety-net-for-the-futureovercoming-the-root-causes-of-poverty>.

3 Scott Winship, "Poverty After Welfare Reform," Manhattan Institute, August 22, 2016, <https://www.manhattan-institute.org/html/poverty-after-welfare-reform.html>

3 <https://trumpwhitehouse.archives.gov/wp-content/uploads/2018/07/Expanding-Work-Requirements-in-Non-Cash-Welfare-Programs.pdf>

4 Slack, Kristen Shook et al. "How Are Children and Families Faring a Decade After Welfare Reform? Evidence from Five Non-Experimental Panel Studies." *Children and youth services review* vol. 29,6 (2007): 693-697, <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4260333/>

# What is in the OBBB?

## OBBB's Medicaid Reforms

Medicaid is the nation's largest safety net program, traditionally providing health care for low-income elderly, disabled, children, and pregnant mothers since 1965. However, since the passage of Obamacare in 2010, which opened the program to able-bodied adults through Medicaid expansion, costs have exploded. Medicaid costs ballooned more than 200 percent since 2008 and more than 50 percent in the past five years alone. Only 44 percent of able-bodied Medicaid recipients without dependents worked 20 hours a week.<sup>5</sup>

- Beginning in 2027, OBBB creates a first-ever work requirement for able-bodied adults in the Medicaid expansion population, aged 19 to 65, who are not caretakers or parents of children under 14 years of age. This excludes the blind, those with physical or intellectual disabilities, pregnant mothers, veterans, those with substance abuse disorders and participating in a rehabilitation program, and the medically frail. It has a short-term event hardship exemption, for those receiving medical care. This work expectation can be met by 20 hours a week of traditional employment, but also through a work training program, education, or even volunteering. The hours are measured by national minimum wage standards.
- The bill also creates a waiver exemption for states with an unemployment rate over eight percent or 1.5 times the national unemployment rate.
- The bill focuses on reducing eligibility errors by preventing the implementation of several Biden-era eligibility rules that bar for states from using data to determine eligibility.
- It creates a Medicaid duplicative enrollment check to empower states to ensure that beneficiaries are not enrolled in more than one state.
- It also creates access to Social Security data to check that deceased beneficiaries or providers are not enrolled in the program.
- Starting in 2026, the OBBB requires eligibility redeterminations for able-bodied adults every six months.
- Creates an asset limit for homes worth over \$1 million for long-term services.
- Sunsets federal match incentives and caps provider taxes at six percent for non-expansion states and 3.5, by 2032, for expansion states. Provider taxes are additional state taxes on Medicaid health care providers, which states use the funds to pull down additional federal funds to increase provider payments and avoid the state match. Because expansion states already have a 90 percent federal match for the expansion enrollees, the bill caps their ability to extract additional provider taxes.
- Creates a state directed payment cap at 100 percent of the total published Medicare rate for expansion states and 110 percent for non-expansion states.
- Revises 1115 waivers to ensure states meet budget neutrality.

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<sup>5</sup> [Kevin Corinb](https://www.aei.org/opportunity-social-mobility/less-than-half-of-medicaid-recipients-work-enough-to-comply-with-a-work-requirement/), "Less Than Half of Medicaid Recipients Work Enough to Comply With a Work Requirement," [AEIdeas](https://www.aei.org/opportunity-social-mobility/less-than-half-of-medicaid-recipients-work-enough-to-comply-with-a-work-requirement/), February 28, 2025, <https://www.aei.org/opportunity-social-mobility/less-than-half-of-medicaid-recipients-work-enough-to-comply-with-a-work-requirement/>

## OBBB's SNAP Reforms

SNAP is the second largest safety net program. Like Medicaid, its costs have ballooned. In just the past five years, SNAP costs have ballooned from 60 billion to more than 100 billion dollars annually.<sup>6</sup> One glaring reason is the explosion in enrollment, which has grown from 36 to 42 million beneficiaries.<sup>7</sup> The reality is that most adults dependent on SNAP are not in the workforce and most remain on the program for over three years.<sup>8,9</sup> Less than 50 percent of able-bodied adults on SNAP work.<sup>10</sup>

- OBBB also expands the SNAP 20-hour a week expectation for beneficiaries to work, train, or volunteer, applying to all work capable adults, 18 to 65, except those with children under the age of 14. Again, this work expectation can be met by 20 hours a week of traditional employment, but also through a work training program, education, or even volunteering.
- Up until now, the mandatory SNAP work requirement only applied to adults without dependents under the age of 54—and even most of these were waived from implementation due to permissive waiver standards.<sup>11</sup> The SNAP work expectations will also apply reasonable waiver standards across all continuous states equally. States may only receive a waiver if their unemployment rate is 1.5 times the national average.
- One of the major reasons for this spike in spending was the Biden administration's manipulation of the Thrifty Food Plan (TFP) to unilaterally increase benefits by 23 percent.<sup>12</sup> The bill requires that any future TFP updates made by U.S. Department of Agriculture will have reasonable household adjustments and be cost neutral.
- In just five years, the SNAP error rate doubled, now reaching 11.68 percent.<sup>13</sup> Over one in every ten dollars spent by SNAP doesn't make it to an American in need—\$13 billion in erroneous SNAP payments every year. And it's important to point out that this error rate only includes wrong payments over \$54. OBBB starts counting every dollar that doesn't reach the intended beneficiary.
- The OBBB establishes a modest state match in 2028, anchored to the state's error rate in the fiscal year. Unlike Medicaid, in which the federal government and state governments share spending, the federal government covers 100 percent of SNAP benefits. This has created a perverse incentive structure for states to be less diligent in addressing waste, fraud, and abuse. The OBBB requires states with over six percent error rates to cover at least five percent of SNAP costs. For states with error rates between six and eight percent, they shall have a five percent match. Eight to 10 percent error rates will have a 10 percent match; 10 percent error rates and above will have a 15 percent match.
- The OBBB also lower the state administrative match from 50 percent to 25 percent in 2027.
- The bill also requires that all beneficiaries be citizens or legal residents.

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6 U.S. Department of Agriculture, Food and Nutrition Services, "Supplemental Nutrition Assistance Program Participation and Costs," May 9, 2025, <https://fns-prod.azureedge.us/sites/default/files/resource-files/snap-annualsummary-5.pdf>

7 U.S. Department of Agriculture, Food and Nutrition Services, "Supplemental Nutrition Assistance Program Participation and Costs," May 9, 2025, <https://fns-prod.azureedge.us/sites/default/files/resource-files/snap-annualsummary-5.pdf>

8 Drew Desilver, "What the data says about food stamps in the U.S.," Pew Research Center, July 19, 2023, <https://www.pewresearch.org/short-reads/2023/07/19/what-the-data-says-about-food-stamps-in-the-u-s/>.

9 Shelley K. Irving and Tracy A. Loveless, "Dynamics of Economic Well-Being: Participation in Government Programs, 2009–2012: Who Gets Assistance? Household Economic Studies," U.S. Census Bureau, U.S. Department of Commerce, Economics and Statistics Administration, May 2015

10 Angela Rachidi and Thomas O'Rourke, "Promoting Mobility Through SNAP: Toward Better Health and Employment Outcomes," American Enterprise Institute, May 1, 2023, <https://www.aei.org/research-products/report/promoting-mobility-through-snap-toward-better-health-and-employment-outcomes/>

11 Jonathan Bain and Jonathan Ingram, "Waivers Gone Wild: The Next Wave in Waiver Abuse," Foundation for Government Accountability, October 20, 2024, <https://thefga.org/research/waivers-gone-wild-next-wave-in-waiver-abuse/>.

12 Leslie Ford, "Don't Give Away the Farm Bill," The Wall Street Journal, June 7, 2023, [https://www.wsj.com/opinion/dont-give-away-the-farm-bill-food-stamps-thrifty-plan-welfare-abc8fa55?reflink=desktopwebshare\\_permalink](https://www.wsj.com/opinion/dont-give-away-the-farm-bill-food-stamps-thrifty-plan-welfare-abc8fa55?reflink=desktopwebshare_permalink)

13 U.S. Department of Agriculture, Food and Nutrition Services, "Supplemental Nutrition Assistance Program: Payment Error Rates Fiscal Year 2023," <https://fns-prod.azureedge.us/sites/default/files/resource-files/snap-fy23-qc-payment-error-rate.pdf>

## Next Steps for the States

Now that the bill is passed, implementation is key to guarantee that states have the best possible execution. The goal is that every beneficiary who can work can find stable, meaningful employment that allows them to be self-sufficient and thrive. This will require the administrative agencies to provide states with clear, cross-program guidance and regulation. This will also require better alignment in state safety net and workforce agencies.

Congressman Burgess Owens has reintroduced the [One Door to Work Act](#), which will give states the flexibility to integrate welfare and work programs to meet their citizen's needs. One Door brings welfare back to its original design—temporary support for those facing hard times as they transition back to work and lives of flourishing.

The One Big Beautiful bill is a significant step toward a work-first system. The current reforms will ensure that prime age, work-capable adults return to employment. It ensures waste, fraud, and abuse of the program is no longer tolerated—and that the states that administer the program have a fiscal seat at the table. It will empower millions of our fellow Americans to leave poverty behind and fully share in the American Dream.

These reforms are good and necessary first steps, but their success will depend on careful implementation. As the safety net front line, every state can holistically reform and restructure these vital programs to ensure that all vulnerable, low-income families can thrive.



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