



## NEW REPORT: Federal Medicaid and SNAP Cuts Could Result in 1 Million Jobs Lost and State GDPs Falling by More than \$110 Billion in 2026

### Severe Economic Consequences Projected Across All 50 States, Including Billions in Lost Tax Revenues

A new report from the Commonwealth Fund and the George Washington University Milken Institute School of Public Health warns that potential budget cuts to Medicaid and the Supplemental Nutrition Assistance Program (SNAP) could trigger severe economic consequences across all 50 states and the District of Columbia. If implemented, these combined cuts could lead to 1 million jobs lost, a \$113 billion decline in states' gross domestic products (GDPs), and \$8.8 billion in lost state and local tax revenue in 2026 alone.

While the details of the proposed cuts would be finalized through upcoming legislation, the U.S. House of Representatives' budget resolution currently calls for reducing federal funding by at least \$880 billion over the next decade for programs under the jurisdiction of the House Energy and Commerce Committee and at least \$230 billion for programs under the House Agriculture Committee. Medicaid and SNAP are likely the main targets for budget reductions.

The report, *How Potential Federal Cuts to Medicaid and SNAP Could Trigger the Loss of a Million-Plus Jobs, Reduced Economic Activity, and Less State Revenue*, provides a state-by-state analysis of the broad economic toll of these funding reductions on local economies. Together, Medicaid and SNAP cuts could cause a combined \$1.1 trillion loss of critical programs and services relied upon by millions of Americans nationwide by 2035. The impact would be particularly severe for health care and food-related industries, leading to widespread job losses and additional strain on state budgets.

The report highlights the significant economic impact of deep cuts in both Medicaid and SNAP in 2026 alone. It includes estimates for all 50 states and the District of Columbia.

#### Impact of Medicaid Cuts

- **State economies are estimated to lose \$95 billion in GDP in 2026.**
- **477,000 health care jobs would be eliminated**, impacting hospitals, nursing homes, and doctors' offices, due to reduced Medicaid enrollment and revenue losses for health care providers. Another 411,000 jobs would be lost in other businesses, as losses ripple out through state economies.

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*The Commonwealth Fund is a private, nonprofit foundation supporting independent research on health policy reform and a high-performance health system.*

- **State and local tax revenues would drop by \$7 billion** due to lower business and individual income from job losses, exacerbating fiscal challenges for states.

#### Impact of SNAP Cuts

- **State GDPs are estimated to shrink by \$18 billion in 2026** due to the reduction in SNAP funding.
- **143,000 jobs would be lost nationwide**, with 78,000 jobs in food-related sectors such as grocery stores, agriculture, and food production, and another 65,000 jobs in other industries affected by reduced consumer spending.
- **State and local tax revenues would decrease by \$1.8 billion**, further straining state budgets.

## THE ECONOMIC RIPPLE EFFECT

The proposed Medicaid and SNAP funding reductions would cause a ripple effect across state economies. As hospitals, health care providers, and food retailers face lost revenue, they would be forced to reduce jobs and services, which would further reduce economic activity in other sectors. This decline in employment and wages would lead to decreased consumer spending, impacting businesses across various industries. With lower consumer spending, state and local governments would see a significant drop in tax revenues, further hampering their ability to fund essential services.

## HOW WE CONDUCTED THIS STUDY

Since the details about policies to implement the budget cuts could not be known until Congress specifies budget reconciliation legislation, the report estimated the impact of broad-based cutbacks, in which the budget cuts proposed by the U.S. House of Representatives are spread evenly over the decade and proportionately across the states. This indicates the general effect of such deep budget cuts. These are equivalent to eliminating 11.8 percent of Medicaid funding and cutting SNAP benefits by 20.6 percent. The researchers assessed the effect of cuts in federal funding for health or nutrition benefits using IMPLAN, a widely used economic modeling system, to estimate state-level economic and employment losses, including reductions in state and local tax collections.

**The full report will be available after the embargo lifts at:** <https://www.commonwealthfund.org/publications/issue-briefs/2025/mar/how-cuts-medicaid-snap-could-trigger-job-loss-state-revenue>

## FROM THE EXPERTS

**Leighton Ku**, lead author and Director of the Center for Health Policy Research and professor of health policy and management at GWU's Milken Institute School of Public Health

*“Medicaid and SNAP programs are not just designed to strengthen individual health and nutrition — they support the economic well-being of communities and businesses nationwide. Cuts of this magnitude will not be harmless. In fact, such drastic reductions would harm millions of families and also trigger widespread economic instability and major job losses.”*

**Sara R. Collins**, Commonwealth Fund Senior Scholar and Vice President for Health Care Coverage and Access

*“Cutting Medicaid and SNAP will make it harder for millions of Americans to stay healthy and make ends meet. Medicaid provides essential health coverage for families nationwide, ensuring they can get and afford the care they need. Cutting back on these critical programs would have severe health and financial consequences for people already struggling to stay afloat.”*

**Joseph R. Betancourt, M.D.**, Commonwealth Fund President

*“Medicaid and SNAP are foundational to people’s health and well-being. Slashing these programs will worsen health outcomes for all Americans, and particularly for people with chronic conditions who rely on Medicaid for ongoing care. Similarly, cutting SNAP will push more families into financial distress, making it harder for them to afford basic necessities. The ripple effect will hit the entire health care system and impact everyone — not just those with Medicaid — driving more people to emergency rooms and further straining an already overburdened system.”*