SNAP Restrictions Impact Analysis: Report

Timothy J. Richards Badger, Metrics, LLC

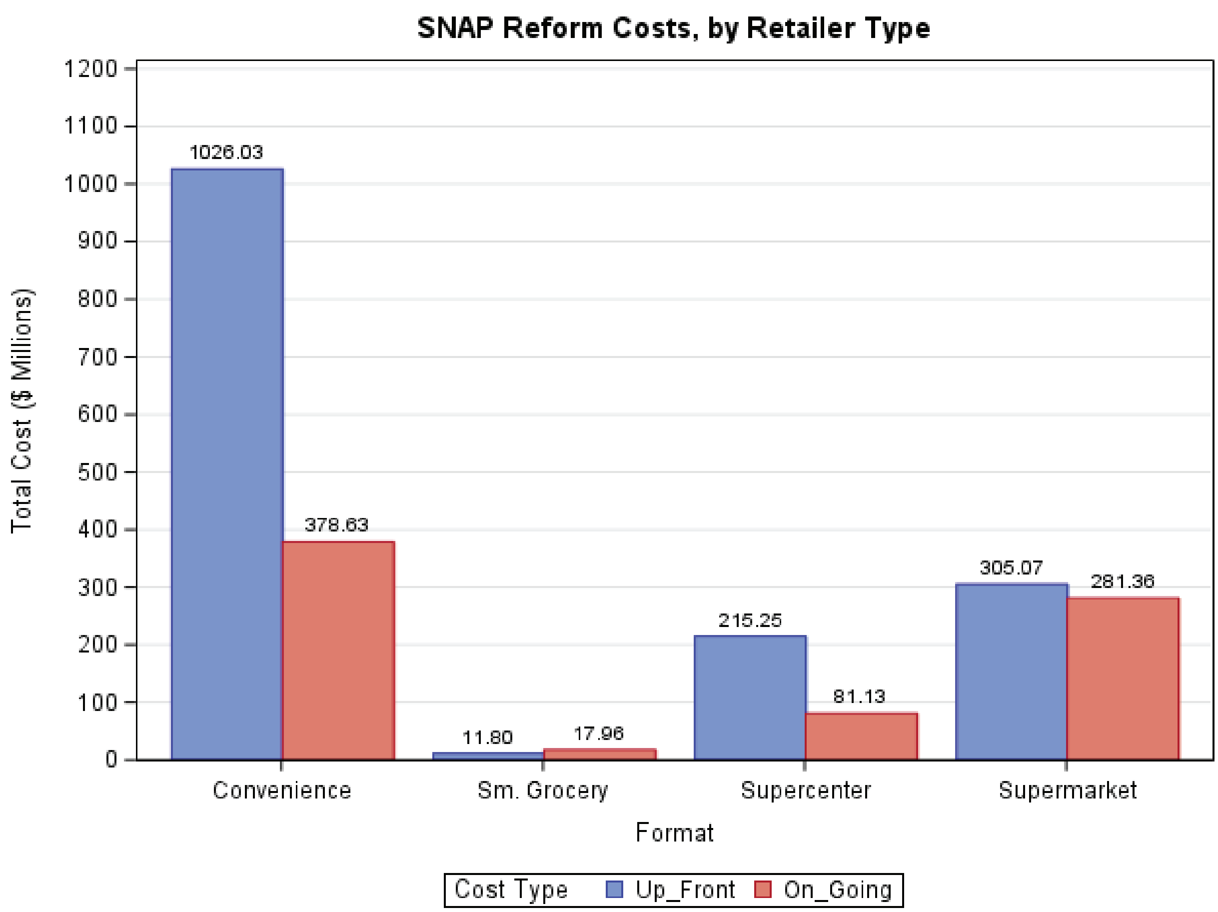
September 2025

Cost of SNAP Reforms on U.S. Food Retailers

Timothy J. Richards

Abstract

- The objective of this analysis is to estimate the cost to food retailers in the U.S. of proposed restrictions on SNAP benefits that seek to limit the types of food items that qualify for purchase.
- We use survey data to estimate the total cost of the proposed changes to SNAP by store format: Conventional supermarkets, convenience stores, small-format grocery stores and super-centers. We also define costs as either one-time, or up-front costs of adapting to the new regulations or on-going costs that are likely to affect the annual operating costs of each firm.
- We find that the total up-front cost to supermarkets is $305.1 million, to convenience stores is $1.0 billion, to small-format stores is $11.8 million, and to supercenters is $215.5 million, for an aggregate total of $1.6 billion.
- We estimate the incremental on-going annual cost to supermarkets as $281.4 million, to convenience stores as $378.6 million, to small-format grocery stores as $18.0 million, and to supercenters as $81.1 million, for an aggregate total annual cost of nearly $759.1 million. Overall, we find that the additional economic burden on food retailers will be roughly 1.9% of 2024 net income.



SNAP Restrictions Impact Analysis: Report

Timothy J. Richards Badger Metrics, LLC

September 1, 2025

Executive Summary

- The objective of this analysis is to estimate the cost to food retailers in the U.S. of proposed restrictions on SNAP benefits that seek to limit the types of food items that qualify for purchase.

- We disaggregate the total estimated cost of the proposed changes to SNAP by store format: Conventional supermarkets, convenience stores, small-format grocery stores and super-centers. We also define costs as either one-time, or up-front costs of adapting to the new regulations or ongoing costs that are likely to affect the annual operating costs of each firm. We only report data for the store-formats that provided data for the survey, and assume that the implied costs are the same for all stores, and chains, in the U.S.

- We find that the total up-front cost to supermarkets is \$305.1 million, to convenience stores is \$1.0 billion, to small-format stores is \$11.8 million, and to supercenters is \$215.5 million, for an aggregate total of some \$1.6 billion. We estimate the incremental ongoing annual cost to supermarkets as \$281.4 million, to convenience stores as \$378.6 million, to small-format grocery stores as \$18.0 million, and to supercenters as \$81.1 million, for an aggregate total annual cost of nearly \$759.1 million. By assuming the same per-store cost across all stores of each format in the U.S., our aggregate estimates are clearly influenced by the relatively large number of conventional supermarkets and convenience stores, and the relatively small number of supercenter operators.

- Among individual up-front cost items, we find that for both supermarkets and supercenter, the one-time costs of investing in technology updates are the most important cost item, while software and point-of-sale (POS) updates are likely to be the most costly for supermarkets. For supercenter operators, the one-time cost associated with regulatory heterogeneity across states is also expected be a substantial cost item. Reforming the SNAP program along the lines that have been proposed will, in general, affect all retail operators through additional technology-based costs items, whether software or hardware.

- For each of the ongoing cost items, we find that updating POS software and maintaining and continually updating inventory software are expected to be the most important incremental costs for supermarkets and supercenters. For convenience stores and small-format grocery

stores, the most important ongoing costs are likely to be the additional labor-hours associated with stocking, replenishment and labeling requirements under the proposed regulations. In general, most of the burden placed by changing state-level item-qualification rules falls on smaller stores by requiring more highly labor-intensive activities on an individual-store basis.

- Overall, we find that the additional economic burden on food retailers will be relatively large, some 1.9% of 2024 net income, but we also note that there were a number of respondents to our survey that reported either minimal or zero expected costs, mainly because they would be absorbed by third-party inventory management firms or by suppliers. In general, our estimates show a high degree of heterogeneity and variability across respondent-types.

Introduction

The Supplemental Nutrition Assistance Program (SNAP) began with the signing of the Food Stamp Act in 1964 by President Lyndon B. Johnson, and has since become the most important hunger-relief tool for the federal government. Reaching some 1 in 8 people in the U.S., or 40.0 million people, it is also the single largest budget item for the United States Department of Agriculture (USDA) at nearly $113.0 billion in 2023. Critics argue that the SNAP program incentivizes unhealthy diets because recipients are able to spend their SNAP dollars on virtually anything sold in grocery stores, except household items, hot food, alcoholic beverages and cigarettes. Proposals to limit the range of products available under SNAP aim to restrict SNAP purchases to "nutrient dense" foods as a means of reducing the cost of the program and improving nutritional outcomes. However, SNAP recipients make their food purchases from traditional food retailers, so any restrictions on which foods can and cannot be purchased would have to be administered by the retailers themselves. Restricting food choice in this way would impose substantial costs on retailers, consumers, regulatory agencies, and the broader economy. In this analysis, we estimate the magnitude of these costs using a survey of retail-food industry members.

Analysis Objectives

The objective of our proposed analysis is to determine the aggregate cost of implementing restrictions on the types of food available to SNAP recipients through food retailers. We classify the costs into fixed costs, or those that involve a one-time investment of capital, and variable costs, or changes in the day-to-day operational costs of selling groceries. We also present our findings by retailer-format, including conventional supermarkets, convenience stores, supercenters and small-format grocers, as it is likely that the nature of each type of cost differs by format.

Methods and Data

We conducted a survey of National Grocers Association (NGA), FMI - The Food Industry Association (FMI) and National Association of Convenience Stores (NACS) members over a time period of June to July 2025 in order to gather data on the costs associated with complying with hypothetical new restrictions on foods that can be purchased with SNAP benefits. We worked with all three organizations to ensure our sampling frame included as many possible retail organizations as possible. We included a set of questions in the survey to capture as many fixed- and variable-cost elements as possible. We understand that many of the questions were difficult to answer as they required respondents to form expectations regarding many cost items that are inherently difficult to forecast. Because the resulting sample is relatively small given the number of retail organizations in the U.S. (N = 35) we caution that all of our findings remain speculative and any statistical inference for each retailer-group can be made only with low confidence. Nonetheless, our findings below represent a best-attempt at finding data on questions that are very difficult to answer.

In the following sections, we present our results on a question-by-question basis for all fifteen questions in the survey, and then present aggregated results, and the assumptions necessary in aggregating within and across each retailer group.

Findings and Discussion

Part One: Investments in Technology and Systems

Questions 1 and 2. One-Time and Ongoing Labor Costs

Our first question sought to determine the cost of updating POS systems through both additional one-time commitments of labor, and additional ongoing labor costs associated with system updates. We asked respondents to "...estimate the cost of updating point-of-sale (POS) checkout scanners to accommodate new SNAP restrictions, on a per-store basis..." first on a one-time basis (for either the retailer or their third-party POS software provider, and then on an ongoing basis to continually maintain and update the software. Figure 1 shows the one-time labor cost (in person-hours) associated with POS updates, and figure 2 shows the ongoing cost (in person-hours per week):

These figures show that the number of person-hours per-store required to update POS software depends very little on the size of the store as estimates for each store format show that the per-store requirements for convenience stores and supermarkets is roughly similar, while the added costs for supercenters is not proportionate to their difference in size. While surprising, this outcome reflects the fact that imposing regulatory burdens on retailers disproportionately impacts smaller-format stores as the cost is largely fixed on a per-store basis. Figure 2 shows the same general finding as the one-time cost of updating POS systems is comparable between convenience stores and supermarkets, while about double for supercenters, and half the supermarket cost for small-format grocery stores.

Question 3. One Time Technology Costs

Next, we asked respondents to report the one-time cost of purchasing new software or hardware to accommodate the proposed changes, on a per-store basis. These findings are in Figure 3:

Across different store formats, the expected cost of purchasing new technology is much larger for supercenters, on a per-store basis, relative to the other types of retail formats. Note that these estimates are in thousands of dollars, per store, so the implied cost for each supercenter is some $1.5 million, while the cost for convenience stores is much less, at roughly $5,000 per store.

Question 4. One Time Labor Costs

We then asked each respondent to "...[E]stimate the cost (in person-hours), either by you or your third-party software vendor, necessary to update the software to accommodate the proposed changes, or to transition systems to allow for the new SNAP rules." Figure 4 shows the estimate, in-person hours:

While the one-time technology cost in figure 3 highlighted the much-higher cost associated with transitioning to the new rules for larger store-formats, figure 4 again shows the small-format disadvantage associated with labor-intensive changes as the one-time labor cost per store (in person-hours) for convenience stores is again nearly the same as for supermarkets, and only roughly half as much as supercenters. Small-format grocery stores expect to face the lowest one-time labor costs associated with changes in technology, or less than half the per-store cost as supermarkets.

Question 5. Ongoing Labor Costs

While some of the increase in labor costs associated with changes in technology will be one-time, or up-front in nature, there is also an expectation that operating costs will rise as software and hardware will need to be continually updated to accommodate changes that may vary by state. Figure 5 shows our estimates of the per-store labor costs associated with operating technology in each store:

In terms of ongoing labor costs, figure 5 shows that supercenters expect to incur about 110 extra hours per store, per week, while supermarkets expect about 45 additional person-hours of labor, and convenience stores roughly half that value. Small-format grocery stores expect about the same additional labor expense, while retailers in the "other" category expect to incur about 80 additional hours per week.

Integration with Existing Systems

Some retailers maintain information systems that integrate with third-party ordering and inventory management systems. Imposing new SNAP regulations in which some items qualify and others do not, and the fact that some qualifications may vary by state, means that retailers may incur additional costs to integrate third-party systems with these new requirements. Therefore, we next asked respondents to report the expected "...cost of customizing and updating these systems to account for new product lists..." both on a one-time and an ongoing basis.

Fig. 1. Person-Hours to Update POS Software, by Retailer Type

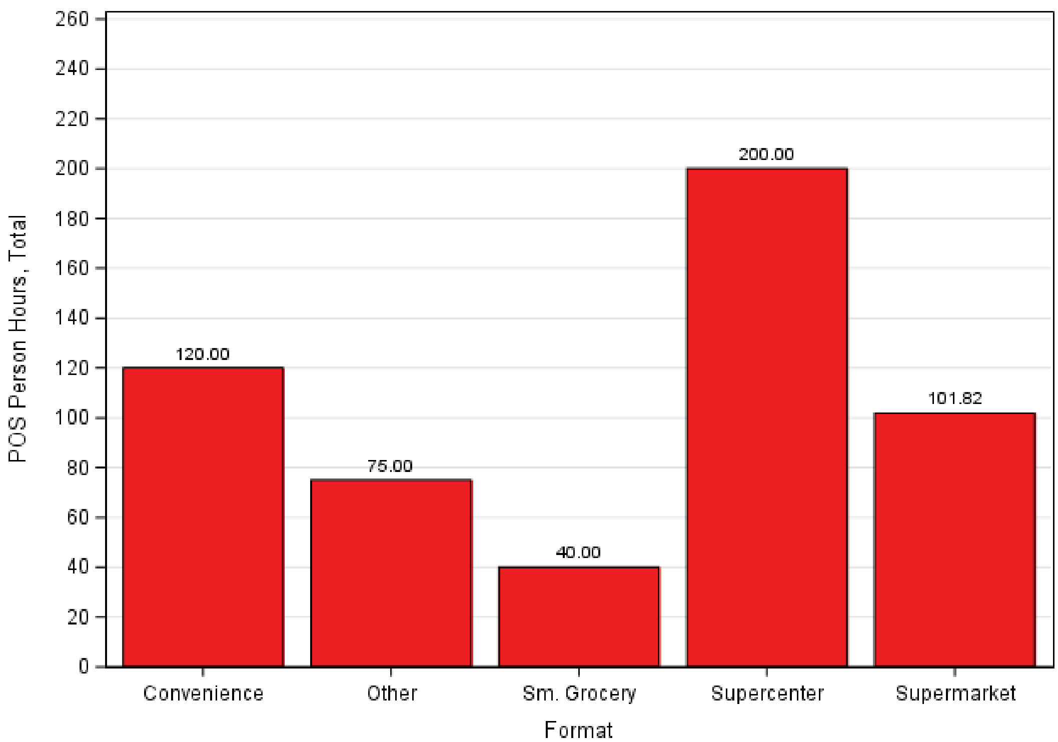


Fig. 2. Person-Hours to Update POS Software, Ongoing, Weekly, by Retailer Type

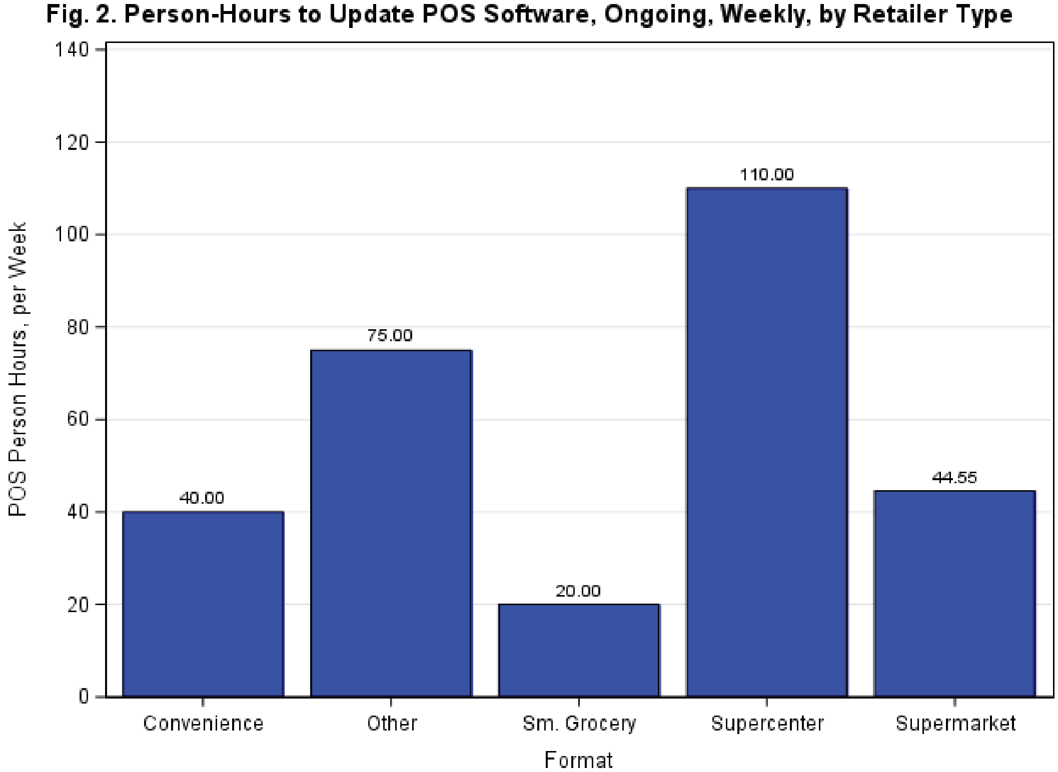


Fig. 3. Software or Hardware, Total, One-Time

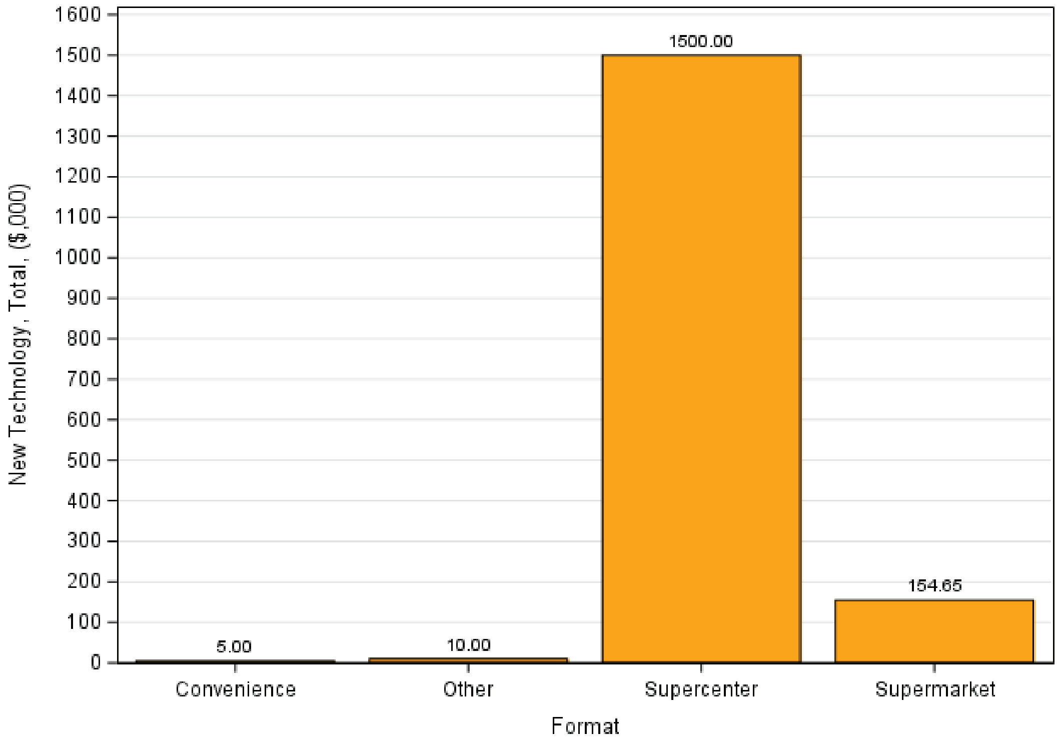
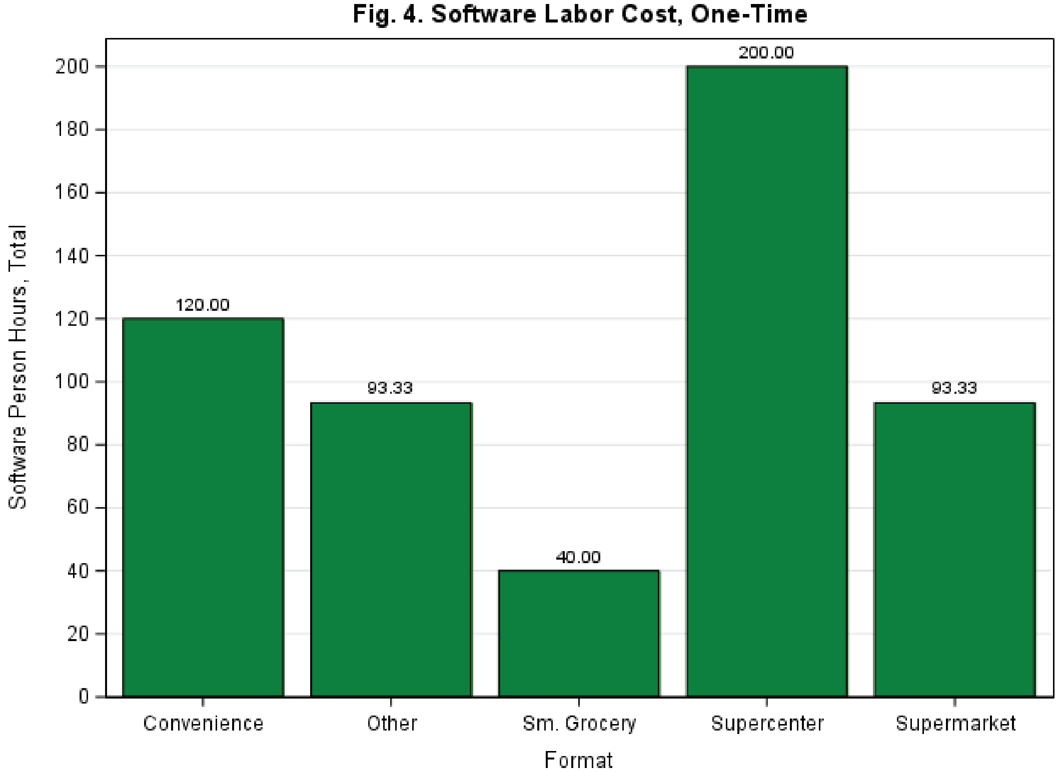
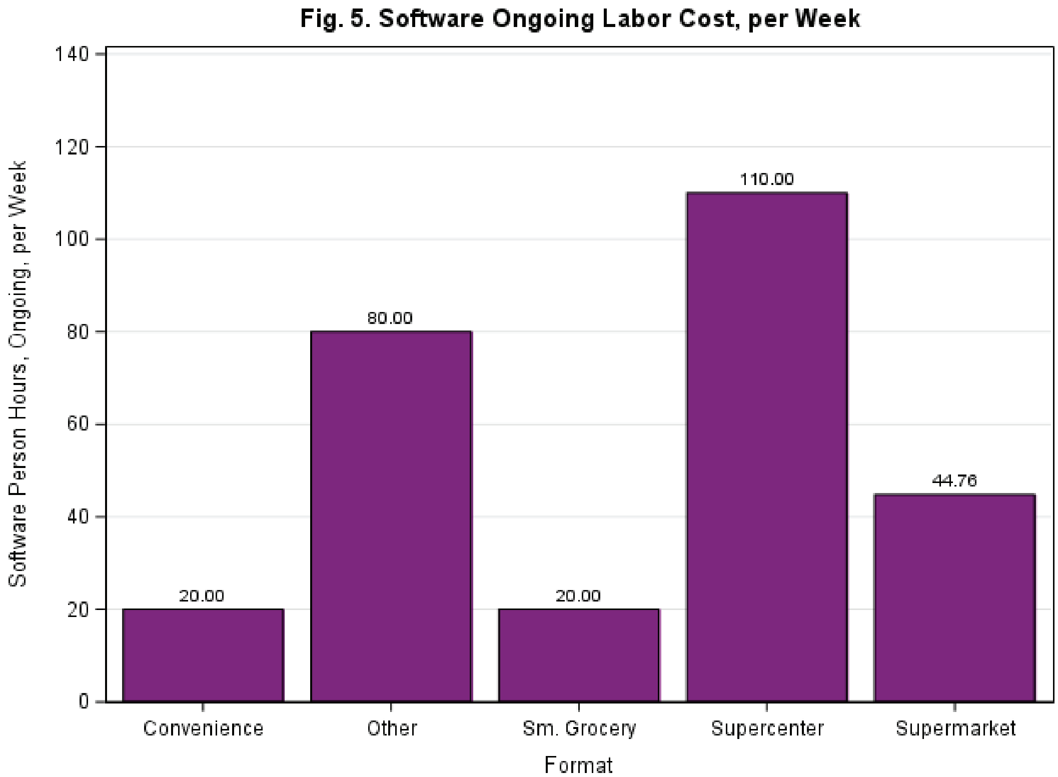


Fig. 4. Software Labor Cost, One-Time





Question 6. One Time Integration Costs

Figure 6 shows the expected cost, by retailer type and company-wide, of continually updating their software to integrate with existing inventory-management systems:

The data in this figure show that supermarkets expect to invest the most in system-integration, even more than supercenters. On the other hand, the amount of investment company-wide for convenience stores is expected to be relatively low.

Question 7. Ongoing Vendor Costs

Some of the additional integration costs may be operational, on a weekly basis, rather than up-front investments. Figure 7 shows a similar pattern as figure 6 as supermarkets expect much more of an increment to operating costs if third-party vendors are required to continually update their systems with new product requirements that may vary by jurisdiction.

Investments in Personnel

Meeting new SNAP requirements will require an investment in additional personnel, with new roles that did not previously exist, for instance in enforcing and monitoring the new rules. Therefore, we next asked a series of questions designed to help estimate the annual company-wide cost of hiring additional personnel to transition to new systems and operating procedures and ensuring compliance systems are in place. We asked respondents in each case to separate the costs into those expected during the transition period to the new rules, and on an annual, ongoing basis.

Question 8. New Annual Labor Cost

Our first personnel question asks respondents to estimate the annual cost of hiring additional workers responsible for enforcing new restrictions, ensuring compliance, and monitoring how products are labeled on the shelf and in marketing communications, on a company-wide basis. We asked for responses in terms of full-time-equivalent (FTE) employees, and then aggregate the implied cost below using an average measure of cost per FTE-year.

The data in figure 8 again show that supermarkets expect to add many more new compliance FTEs than any of the other formats. Recall that this question refers to company-wide employment, so the aggregate number of new employees required by supermarket operators is substantial.

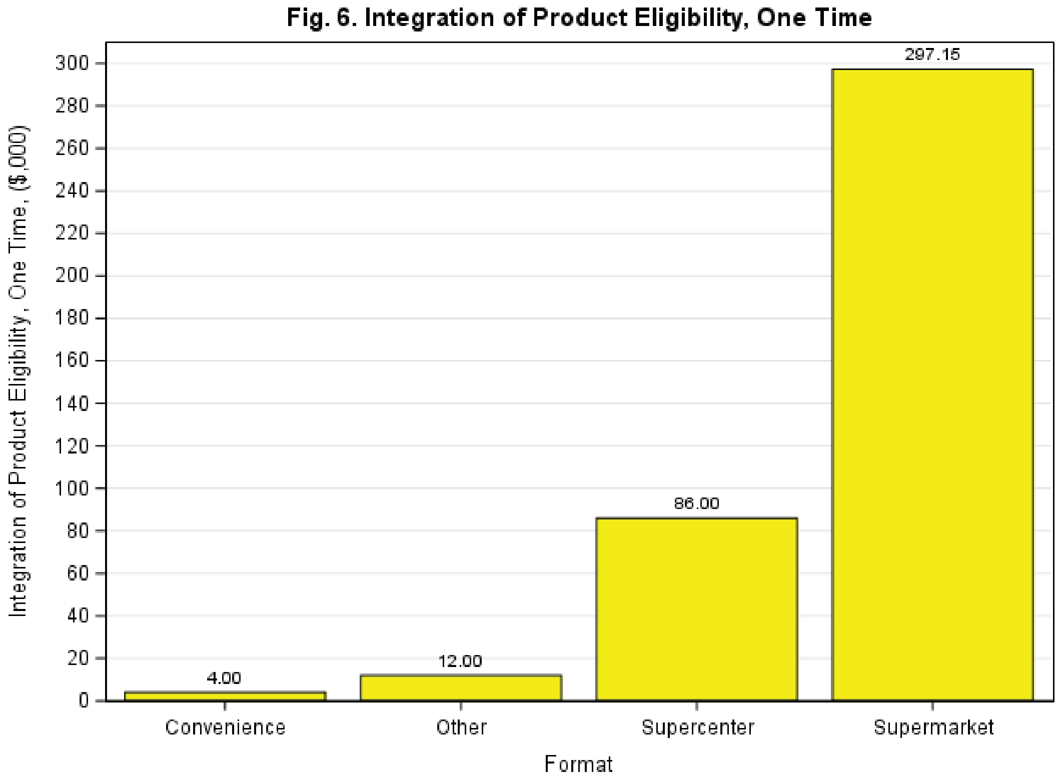


Fig. 6. Integration of Product Eligibility, One Time
Integration of Product Eligibility, One Time, ($,000)
300
280
260
240
220
200
180
160
140
120
100
80
60
40
20
0
4.00
12.00
86.00
297.15
Convenience
Other
Supercenter
Supermarket
Format

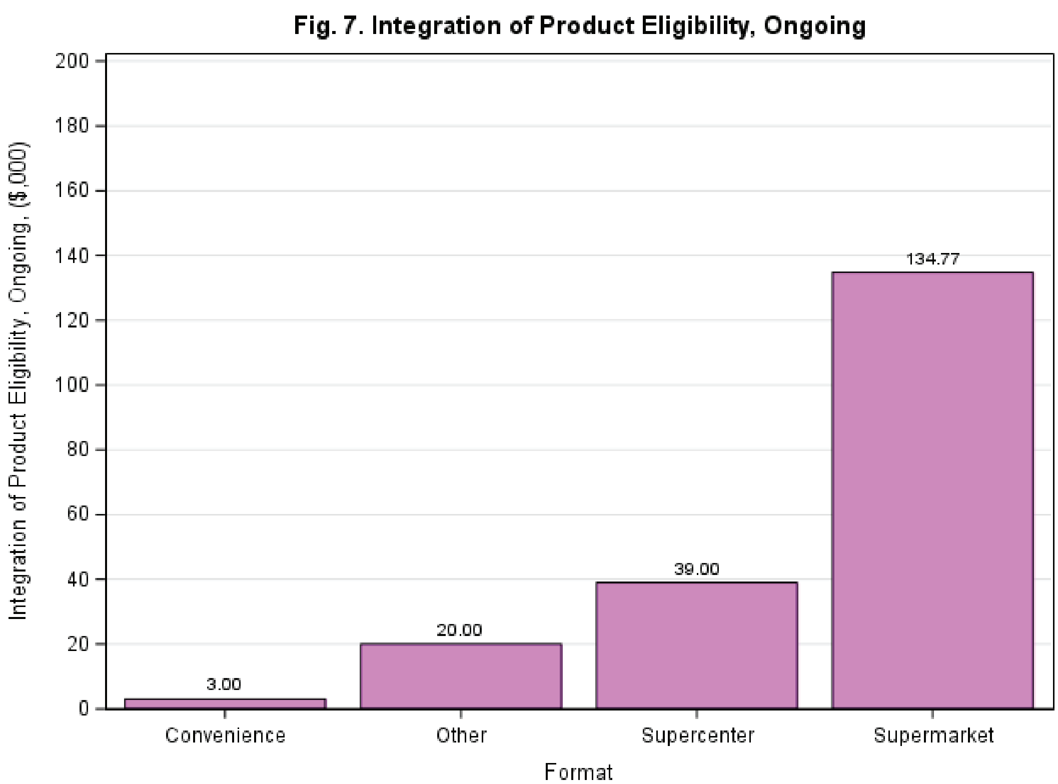


Fig. 7. Integration of Product Eligibility, Ongoing
Integration of Product Eligibility, Ongoing, ($,000)
200
180
160
140
120
100
80
60
40
20
0
3.00
20.00
39.00
134.77
Convenience
Other
Supercenter
Supermarket
Format

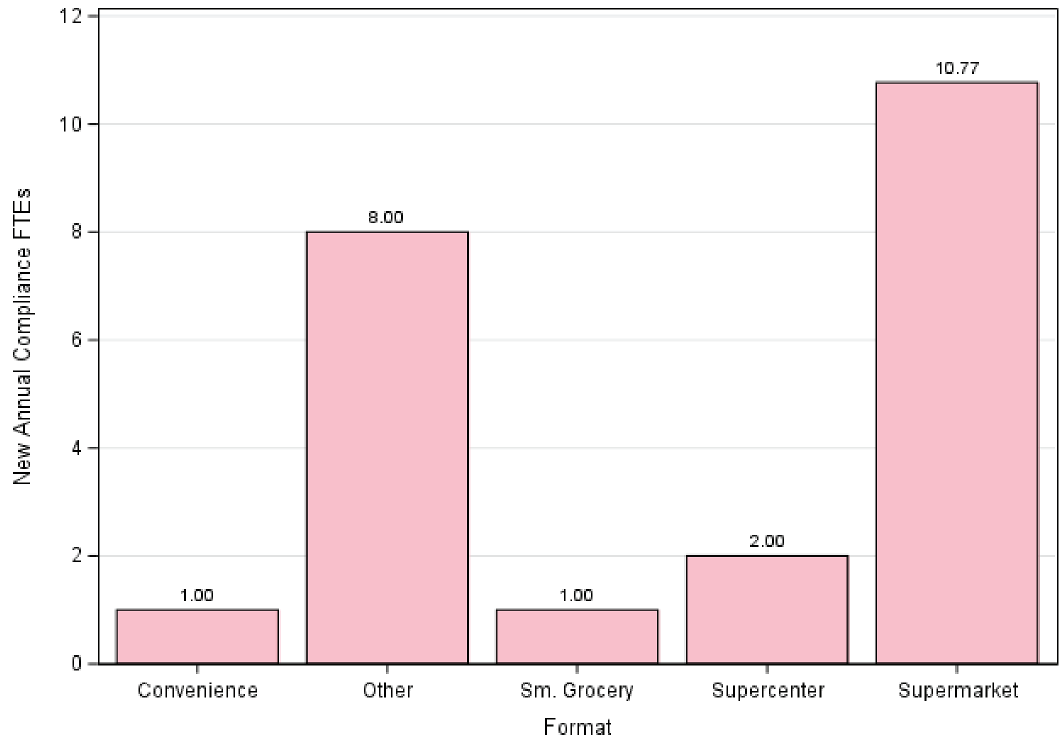


Fig. 8. Annual New FTEs to Ensure Compliance

Question 9. Annual Procurement Training

Much of the burden in accommodating new SNAP requirements will fall on the front-line employees, or those who staff the checkout lanes. Therefore, we next asked respondents to "...estimate the annual cost of training existing checkout staff on the new SNAP restrictions, both during the transition to the new rules and on an ongoing basis..." again on a company-wide basis.

The data in figure 9 shows that annual training costs for retailers not classified as convenience stores, supercenters or supermarkets expect the highest annual checkout-training costs, by a large margin. Supermarkets and supercenters, on the other hand, expect to incur annual training costs that are fairly similar, and vary little between the transition period and on an on-going basis.

Question 10. Annual Procurement Training

Supply-chain professionals within each retail operator will be required to understand the new rules, and how they vary across jurisdictions in which their firm has outlets. In order to quantify the costs of this additional training, again during the transition and on an ongoing basis, we asked respondents to "...[E]stimate the annual cost of training procurement personnel on new SNAP product requirements, both during the transition period and on an ongoing basis."

The data in figure 10 show that, again, retailers in the "other" category expect substantially higher procurement training costs. Supercenter operators, on the other hand, do not expect any additional procurement costs so are excluded from the graphic. In general, supermarket operators expect to incur training costs, both in the transition period and on an on-going basis, slightly lower than the expected costs of training checkout staff.

Changes in Operating Cost

In addition to hiring more people to meet the new restrictions, existing workers are likely to be less productive as they will each have additional tasks to complete. To quantify the cost of the likely reduction in worker-productivity, we asked three questions that aim to gather data on the reduction in checkout, stocking and replenishment, and in-store marketing productivity, respectively.

Question 11a. Checkout Workers

We first asked respondents to report "...the increase in hourly labor costs on a weekly, per-store basis,

Fig. 9. Annual Training During Transition and Ongoing

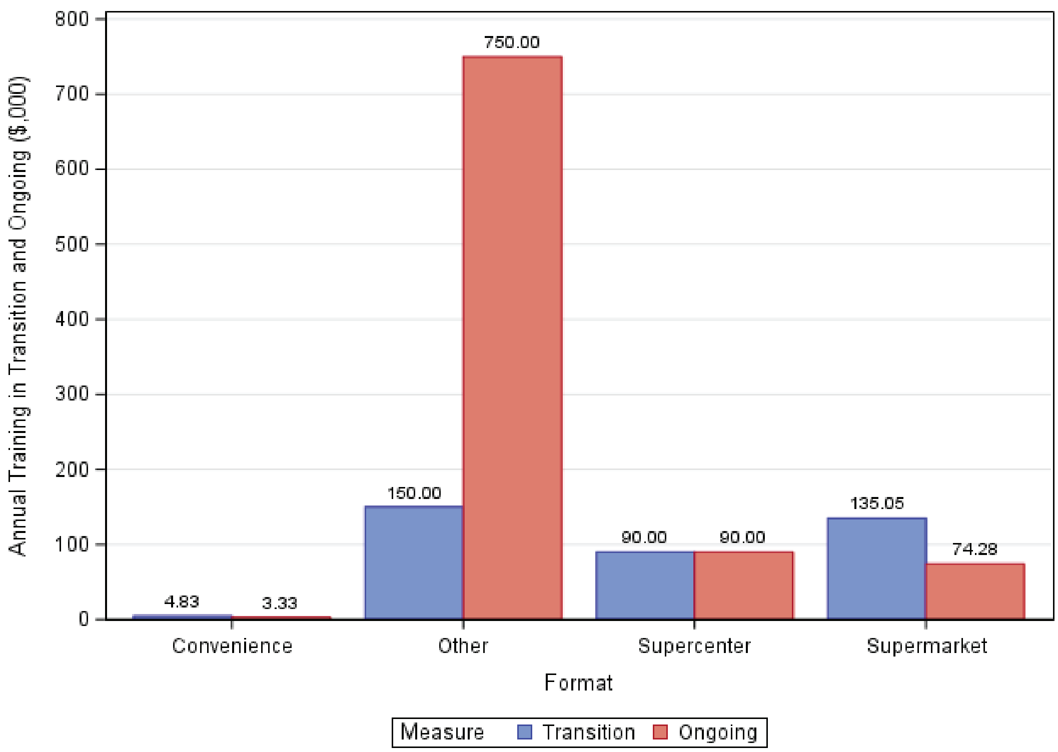
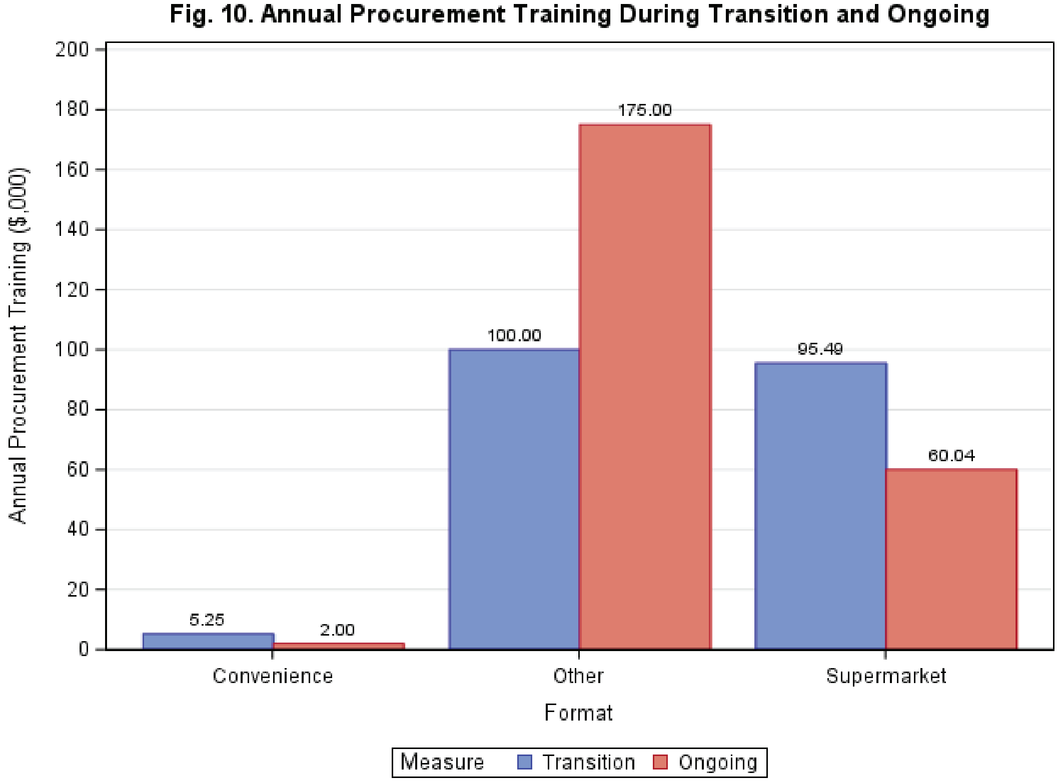


Fig. 10. Annual Procurement Training During Transition and Ongoing



from increasing the number of person-hours necessary to keep service-quality constant..." measured in person-hours, per-store, per week. The findings from this question are in figure 11 below:

With respect to checkout workers, figure 11 shows that supercenter operators expect their checkout staff to spend more than 100 additional hours per-week, per-store due to proposed changes in the SNAP program. All of the other store formats expect less than half of this amount, but each still expect at least 20 more person-hours per week spent in checkout lines.

Question 11b. Stocking and Replenishment

We also asked respondents to "...[E]stimate the increase in labor costs, on a weekly, per-store basis, from increasing the number of person-hours necessary to meet current stocking, replenishment and labeling requirements..." because staff responsible for inventory management will need to separate compliant and non-compliant products on the shelves. The data in figure 11 show that managers in each store-format expect roughly the same increase in stocking and replenishment on a per-store, per-week basis at about 40 hours more. As explained above, we cost out these additional hours in our aggregation exercise below, but this represents a significant reduction in productivity that is likely to increase store operating costs.

Question 11c. In-Store Marketing

Next, we asked respondents to "...[E]stimate the increase in weekly labor costs, on a per-store basis, from increasing the number of person-hours necessary to ensure signage and in-store communication adequately informs consumers which products are SNAP-eligible and which are not..." because communicating whether products are compliant will be a new activity, and therefore additional to current merchandising roles. The data in figure 11 show that supercenter operators expect employees to spend about 110 additional hours per week communicating which products are SNAP compliant, while supermarkets expect about half of this additional commitment.

Customer-Related Operating Costs

Customers are likely to be frustrated by their inability to purchase products that were previously covered by SNAP, but no longer are. Many will likely forego purchasing products and simply reduce their spending.

0.0.1 Question 12. Lost Sales

In order to quantify the reduction in revenue that is likely to result, we asked retailers to "...estimate the reduction in per-store revenue from changing customer behavior in response to the new regulations." We report their response in figure 12 below.

Not surprisingly, supercenter operators expect to lose the greatest amount of revenue, about \$10,000 per store, per week, but supermarkets expect to lose nearly the same amount. Despite their much smaller current average weekly revenue, convenience stores still expect to lose over \$1,000 per store, per week due to any new SNAP restrictions.

Legal and Compliance Costs

Question 13. Monitoring Compliance Costs

Retailers can also expect to face additional costs in ensuring compliance with the new rules and, inevitably, pay some penalties for non-compliance, even if inadvertent. Therefore, we asked respondents to "...[E]stimate the weekly, per-store cost of monitoring compliance with the new SNAP regulations..." and report our findings in figure 13 below.

Relative to the other costs we document in this report, the expected costs of monitoring compliance are expected to be relatively small, at roughly \$1,000 per store, per week for supercenters and about half of that amount for supermarkets. However, retailers in the "other" category report significantly greater costs, at over \$2,000 per store, per week.

Question 14. Regulatory Heterogeneity, One-Time

Retailers will face higher costs of maintaining compliance across differing state and local regulations as rules for the SNAP program are administered at the state level. Therefore, we asked respondents to report the expected costs of this "regulatory-heterogeneity." First, we asked retailers to "...[E]stimate the weekly per-store cost of customizing product assortments, pricing, labeling and stocking on a state and local level..." on a one-time basis (Question 14) and, as an ongoing part of operating costs (Question 15).

Based on the data in figure 14, we found that supercenter operators expect a substantial one-time investment in addressing the implications of regulatory heterogeneity, on average \$100,000 per store. Operators of other store formats expect one-time costs much lower, but still non-zero.

Fig. 11. Weekly Checkout, Stocking, and Marketing Person Hours

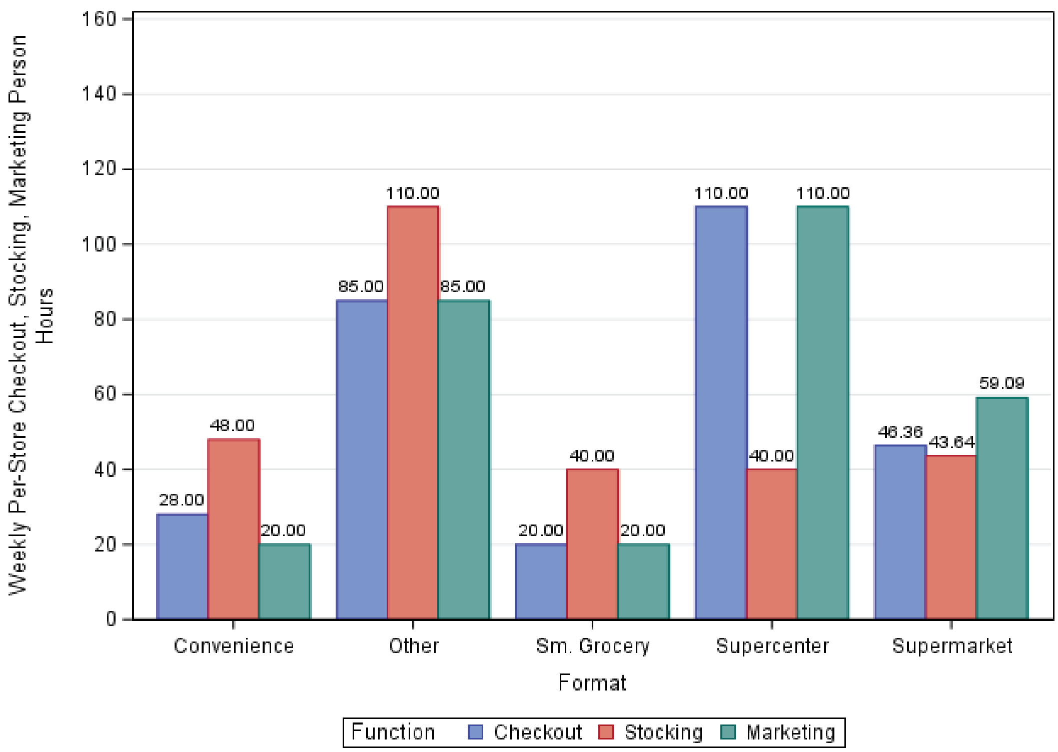
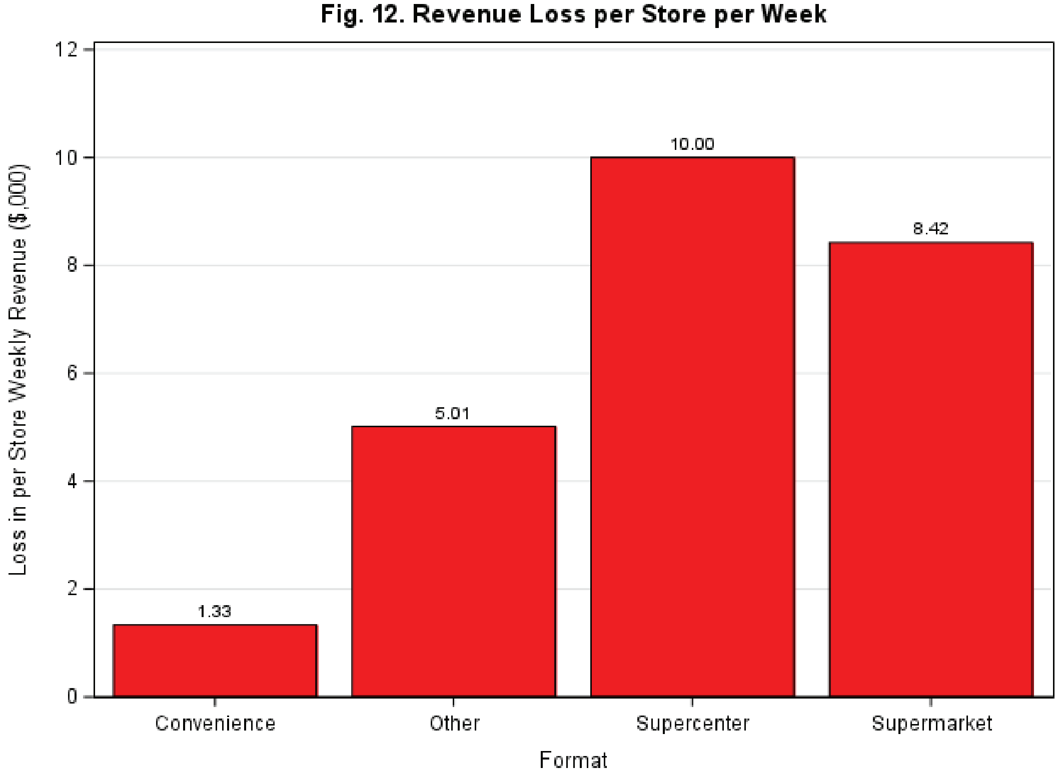


Fig. 12. Revenue Loss per Store per Week



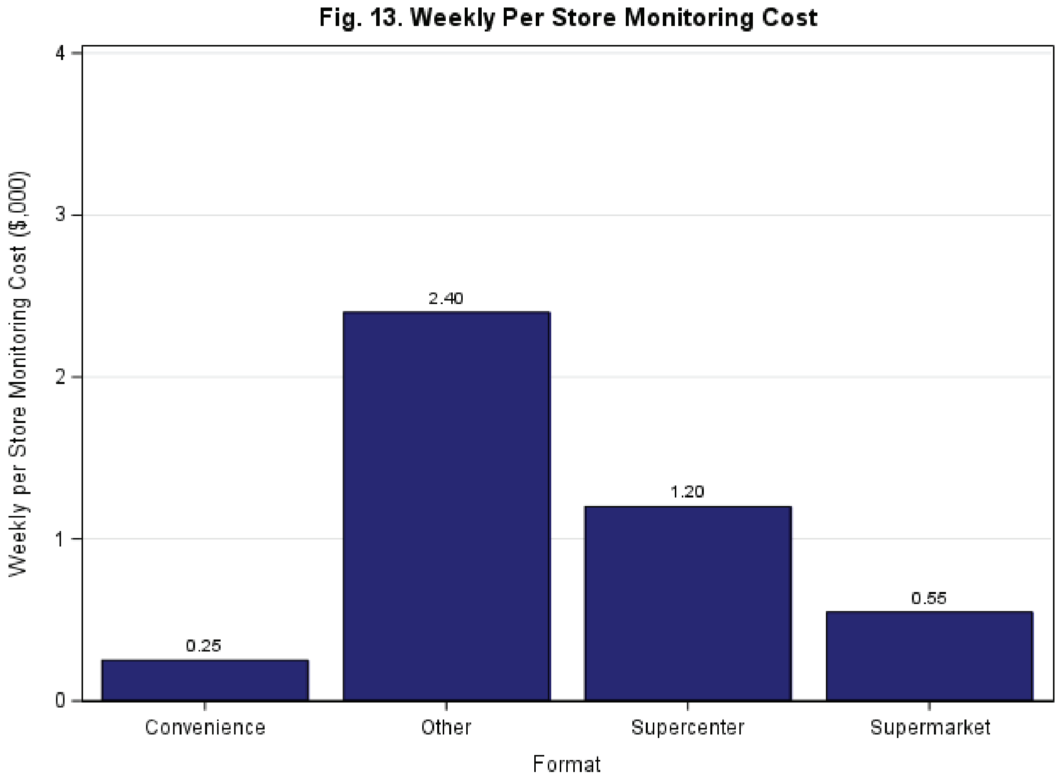


Fig. 13. Weekly Per Store Monitoring Cost
Weekly per Store Monitoring Cost ($,000)
0
1
2
3
4
0.25
2.40
1.20
0.55
Convenience
Other
Supercenter
Supermarket
Format

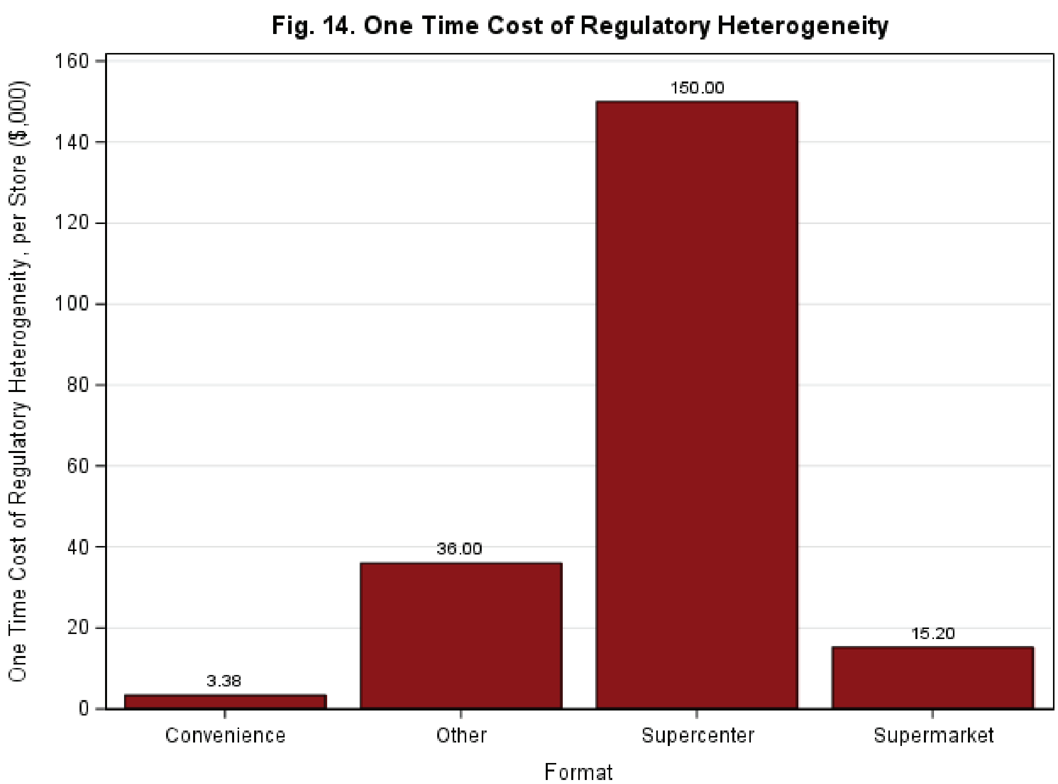


Fig. 14. One Time Cost of Regulatory Heterogeneity
One Time Cost of Regulatory Heterogeneity, per Store ($,000)
0
20
40
60
80
100
120
140
160
3.38
36.00
150.00
15.20
Convenience
Other
Supercenter
Supermarket
Format

Question 15. Regulatory Heterogeneity, Ongoing

With respect to the ongoing cost of regulatory heterogeneity, the data in figure 15 imply that supercenter operators also expect much larger increments in operating cost from having to address differences in rules across stores in different states. On a weekly basis, managers expect to see costs as much as $10,000 per store higher, relative to slightly above $1,000 per store for supermarket operators.

Although the data gathered on these individual cost items helps us understand what aspects of the new regulations are likely to be most important for retailers' operating costs under the proposed SNAP regulations, the profitability of the industry depends more on the sum of all incremental costs. In the next section, we explain the assumptions necessary in aggregating our data to arrive at a national-level cost estimate and summarize our overall findings.

Estimating Aggregate Cost

Ultimately, our objective is to arrive at an estimate of the overall cost of the proposed changes to the SNAP program on retailer costs, both on a one-time and an ongoing basis. Because the overall costs vary by store-type, we report our findings for each of the store formats described in the analysis above. In arriving at this aggregate estimate, we made a number of assumptions in moving from the employee-time estimates to overall costs, and from our survey sample to an estimate that can be described as being as nationally-representative as possible.

First, in order to move from cost estimates that involve changes in employee hours or FTEs to dollar values, we need to impute an hourly cost of retail labor. There are many different occupations within retail stores that will be affected by these changes, but we assume the most direct impact will be felt by front-line supervisors and not by store/operations managers in the retail grocery industry. The difference is important because the mean hourly wage in Food & Beverage Retailers (NAICS 4451–4452) from the U.S. Bureau of Labor Statistics is $39.66 / hour for Management Occupations (11-0000), whereas General & Operations Managers (11-1021) earn some $38.81 / hour. We then convert wages to employer hourly cost using BLS Employer Costs for Employee Compensation in the Trade or Transportation or Utilities sectors in order to arrive at a multiple that reflects fully-loaded employee benefits. Using this data, the typical retail worker has benefits roughly equal to 29 - 33% of the total hourly wage, or a multiplication factor of 1.44 times wages at the high end. Therefore, this implies an hourly cost of $55 - $57 for store managers. For first-line retail supervisors, however, the mean hourly wage is $24.84 / hour, which implies a fully loaded cost, assuming a 1.33 benefits-multiplication factor for the lower wage classification, of $33 / hour. In our calculations below, we use this more conservative estimate of the hourly cost of the workers most likely to be affected by the changes.

Second, we need an estimate of the number of stores of each format-type in the U.S. Using public data sources, we assume there are 27,514 conventional supermarkets in the U.S. (FMI Food Facts), there are 112,000 convenience stores across all operating companies that participate in the SNAP program (NACS / NIQ TDLinx), 4,600 limited assortment grocery stores (FMI / NIQ TDLinx), and 3,965 supercenters (NIQ TDLinx). We have no information on how many stores fall into the "other" category, so exclude them from our aggregation exercise.

Third, several of the questions asked for data on firm-level economic impacts, rather than store-level, simply because the changes are likely to affect central operations and not necessarily store-level operational functions. Therefore, we make the following assumptions regarding the number of retail operators within each store-format classification: Supermarkets (85), convenience stores (15), supercenters (7) and small-format grocery stores (4). The definitions of each type of store format are subject to some debate, so our aggregate estimates depend in part on how many firms belong to each group.

Fourth, we adjust the responses to each question for the number of respondents that report zero values for each question. For instance, 57% of the respondents to Question 7 (Integration of Product Eligibility) reported that they expect no change in costs, so we multiply the average response to this question by 43% in order to arrive at an average over the whole sample.

We then sum all of the up-front, or one-time, costs across all questions in the survey and all of the on-going costs, and report them separately in table 1 below.

Our estimates therefore show that the total up-front costs across all formats are expected to be some $1.558 billion, and the total on-going costs are likely to be over $759.1 million annually. Of these values, the majority (65.8% and 49.9% for up-front and on-going costs, respectively) are attributed to convenience stores, simply because of the sheer

Fig. 15. Ongoing Cost of Regulatory Heterogeneity

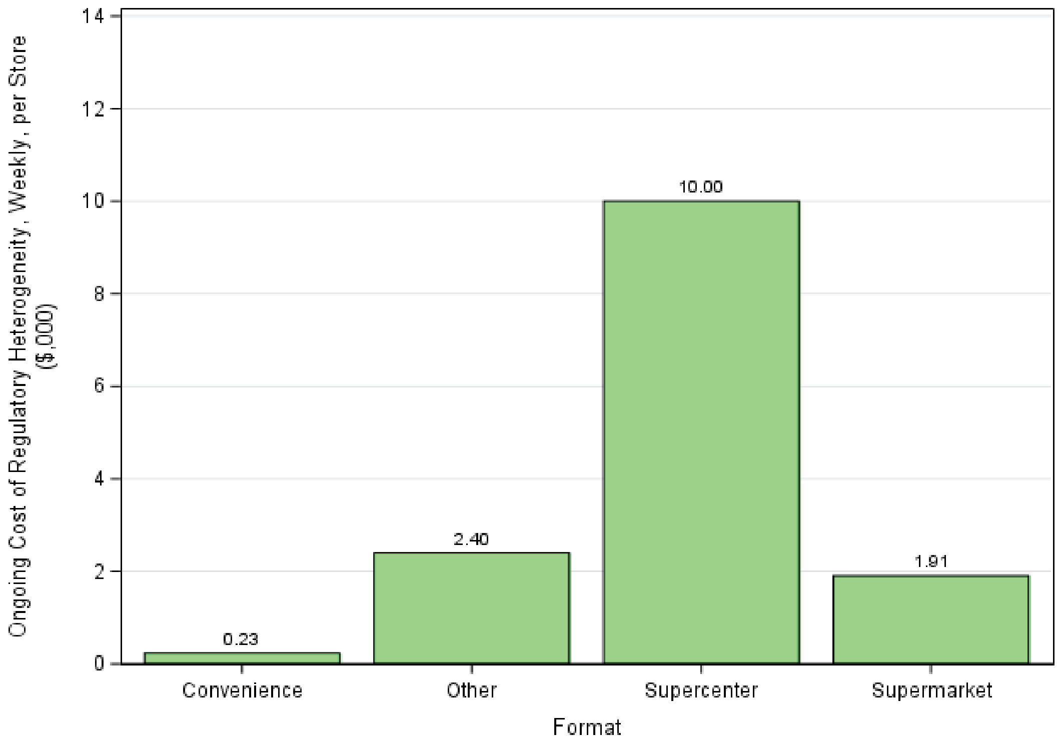


Table 1: *Total Costs by Retailer Type*

Type	Up Front	On-Going
Supermarket	$305,067,668	$281,363,133
Convenience	$1,026,029,186	$378,631,409
Small Format	$11,797,896	$17,958,165
Supercenters	$215,254,712	$81,133,890

Note: Aggregate by multiplying all per-store values by the total number of each type of store in the US, and the per-firm values by the total number of each type of firm in the US.

number of stores in the U.S. In 2024, the aggregate net income of all food retailers in the U.S. was roughly $40.0 billion so the up-front costs imply a reduction in total net income across the industry of nearly 3.9% and almost 1.9% on an on-going basis. Given the low-margin nature of food retailing, these changes are clearly economically important.

Of course, our aggregate estimates also assume that responses to our survey do not reflect subsequent changes in management practices that seek to minimize the economic damage from the changes in SNAP regulations. We also caution that our sample size is relatively small compared to the universe of food retailers in the U.S. so the representativeness of our sample may be of some question.

Conclusions

In conclusion, the proposed changes to SNAP food eligibility may impose substantial new costs on the retail food industry. Among the individual items in our survey, we find that reduced checkout and in-store marketing productivity, and the added costs of updating software to incorporate new eligibility rules are among the most economically important. However, there is substantial heterogeneity among how retail operators expect the changes in product-eligibility rules to affect their operating costs. Cost changes also vary across store formats with the greater scale of supercenters, and their seeming ability to leverage scale economies to absorb some of the most important changes, weighing against the size of additional investments required to accommodate the proposed changes. Ultimately, some of the higher costs must be passed onto consumers in the highly-competitive food retailing industry, so consumers stand to ultimately see higher food prices and reduced purchasing power.